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The Year the Clintons Moved Up the Ladder

Arkansas Power Broker Aided Them In Successful Commodities Trading

By Jeff Gerth

WASHINGTON — Starting just before Bill Clinton was elected governor of Arkansas, Hillary Rodham Clinton made about \$100,000 in one year in the commodities market with the help and advice of a friend who was the top lawyer for one of the state's most powerful and heavily regulated companies.

The investments, made in a commodities trading account that was opened three weeks before Mr. Clinton was elected governor in 1978, substantially altered the finances of the Clintons. At the time, Mr. Clinton was attorney general. He and his wife were rising stars in Little Rock, with salaries modest by the standards of their peers.

The proceeds helped them to buy a home, to invest in securities and real estate and eventually to provide a nest egg for their young daughter, according to the couple's associates and a review of the family's financial records.

But the trades, which emerged during a two-month examination of the Clintons' finances by The New York Times, also left them in the position of having significantly relied on the help of one of the state's premier power brokers, James B. Blair, a Clinton confidant who at the time was the primary outside lawyer for Tyson Foods Inc., of Springfield, Arkansas, the nation's biggest poultry company.

In commodities trading, a speculator essentially bets on the future value of a commodity, like cattle or pork, or a foreign currency. Trading in such futures contracts is among the riskiest and most volatile of investments. By some estimates, more than three-quarters of all investors lose money. But a savvy trader, or one with special knowledge of a market, can turn a small stake into millions of dollars.

During Mr. Clinton's tenure in Arkansas, Tyson benefited from a variety of state actions, including \$9 million in loans, the placement of company executives on important state boards and favorable decisions on environmental issues.

Even today, critics in Congress and else-

where have complained that the Clinton administration is too close to Tyson and the poultry industry it dominates, sparing it from some of the tougher federal inspection guidelines enacted against the meat industry.

Mr. Blair, who later became Tyson's general counsel, and his wife, Diane, were appointed to important government posts by Mr. Clinton as governor and president.

In a written statement, the Clintons' personal lawyer, David Kendall, said Thursday

that Mrs. Clinton traded in commodities futures "with her own funds and assumed the full risk of loss."

She did so through two different trading accounts in her own name in Little Rock and Springfield, Arkansas, he said. "Mrs. Clinton reported gains and losses on her tax returns as appropriate."

Mr. Blair, in telephone interviews Wednesday and Thursday, confirmed that he encouraged Mrs. Clinton to invest in the normally risky commodity markets and used his investing skills to help guide her through a series of lucrative trades.

Mr. Blair and administration officials designated to discuss the matter — but who would speak only on condition of anonymity — said Mrs. Clinton put up the stake with which she began trading. The officials would not say how much money she put at risk.

Lisa Caputo, Mrs. Clinton's press secretary, said in a statement on Thursday night: "Mrs. Clinton consulted with numerous people and she did her own research. This was her own risk, the commodity investments were her own responsibility."

The administration officials said Mrs. Clinton studied financial data, including some in The Wall Street Journal.

John Podesta, a White House spokesman, said that "Hillary and Jim were friends, he gave her advice."

"There was no impropriety," he said. "The only appearance is being created by

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Zulu activists dancing Friday in Uhundi, capital of the KwaZulu homeland, as their king vowed to lead them to independence. Page 4.

De Klerk Suspends Police for Arming Zulus

Compiled by Our Staff From Dispatches

PRETORIA — A judicial commission announced Friday that it had evidence that senior members of the South African police force supplied arms to the Inkatha Freedom Party and trained killers to foment political instability.

President Frederik W. de Klerk said that the three senior officials named in the report would be put on leave immediately. They are the second-ranking officer in the police force and two generals.

"This is a very serious matter," Mr. de Klerk said.

He proposed that a task force comprising international police investigators, South African police officers, a senior prosecutor and a leading jurist be set up to investigate the evidence and advise on further steps "within the next two weeks."

The allegations support longstanding contentions by the African National Congress of a "third force" — clandestine security force involvement — in the political violence between the ANC and the mainly-Zulu Inkatha that has caused the deaths of 11,000 people in the last three years.

But Mr. de Klerk said the Goldstone Commission report did not necessarily prove ANC allegations of a third force. He said that only "a few" members of the police had been named.

Coming six weeks before the country's first democratic elections, the report undermines Mr. de Klerk's frequently repeated contention that his government was innocent in the violence.

Mr. de Klerk's National Party has been trying desperately to woo black voters. A prime tactic has been to present itself as the party of stability, blaming the front-running ANC for

violence that has torn many black communities. The report did not discuss involvement by any higher-ups in Mr. de Klerk's government. But it did contain an allegation that the cabinet had authorized an unusual \$340,000 payout to the commander of a secret unit when he was discharged several months ago.

The implicated policemen were apparently involved in violence on trains and in carnage in black townships involving residents of migrant workers' hostels, generally members of Inkatha, the report said.

Judge Richard Goldstone said his commission had decided that there was enough "corroboration" to release the report, despite there being a need for more time to complete investigations.

"If those intent on further destabilization succeed in aborting the election," the report

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Arabs Agree To New Talks After UN Vote On Massacre

U.S. Refuses to Veto Council Condemnation; 3 States Return to Table

Compiled by Our Staff From Dispatches

UNITED NATIONS, New York — The UN Security Council voted unanimously Friday to condemn a Jewish settler's massacre of Muslim worshippers in the West Bank city of Hebron, and American officials announced immediately afterward that Arab nations had agreed to resume peace talks.

The council approved the condemnation, 15 to 0, as part of a resolution whose wording has been criticized by the Israeli government. It also called on the Israeli government to exercise U.S. veto power for the first time in four years.

Secretary of State Warren M. Christopher said after the vote that Israel would soon resume senior-level peace consultations with the Palestinians as well as peace talks with Syria, Jordan and Lebanon in April.

"There have been intensive Israeli-Palestinian contacts at the highest levels today, including a telephone call between Prime Minister Rabin and Chairman Arafat," Mr. Christopher said at a news conference in Washington. He was referring to Yitzhak Rabin, the Israeli prime minister, and Yasser Arafat, the chairman of the Palestine Liberation Organization.

Mr. Christopher added, "A senior-level meeting between Israel and the PLO will take place soon and will be announced by the parties."

Israeli sources, speaking on condition of anonymity, said that Israeli and Palestinian negotiators would meet Sunday or Monday in either Cairo or Tunis, where the PLO is based.

The 15 Security Council members dusted off a procedure not used since 1985 to take separate votes on each paragraph of the resolution, first approving the section condemning the attack.

Attention was focused on the United States to see whether Mr. Clinton gave in to 82 senators who demanded that the United States veto a later clause calling Jerusalem an occupied territory. In the end, the U.S. delegate, Madeleine K. Albright, raised her hand to abstain, not veto, on that clause.

The U.S. tactic had been to use the resolution to coax the PLO to return to peace talks with Israel. The talks were broken off Feb. 25 when a Jewish settler killed at least 29 Palestinian worshippers at a mosque in Hebron.

A "no" on the clause would have been the first U.S. veto in the Security Council since a May 31, 1990, decision on sending UN investigators to report on abuses of Palestinians in Israel's occupied territories.

The council members have argued for three weeks about the Jerusalem clause and a call for stationing "a temporary international or foreign presence" to protect Palestinians in the occupied territories. The action bore immediate fruit. Mrs. Albright told the Security Council

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Croats and Muslims Form Federation, Putting Pressure on Serbs

By Steven Greenhouse

New York Times Service

WASHINGTON — Bosnia's Muslim-dominated government and Croatian separatists signed an agreement on Friday that links their territories into a single state in a move that aims to help end the civil war and put pressure on the Bosnian Serbs to make peace.

In a signing ceremony in Washington, the government of Bosnia and the government of Croatia signed an additional agreement that forms a loose confederation between Croatia and the new binational Bosnian state.

Whether the agreements succeed in bringing peace to the former Yugoslavia depends in large part on how successful the United States and Russia are in pressing Bosnia's Serbs to stop fighting and make some territorial concessions, American officials said Friday.

Presiding over the signing ceremony, President Bill Clinton said, "The agreements signed today offer one of the first clear signals that parties of this conflict are willing to end the violence and begin a process of reconstruction."

Several officials said the ceremony, attended

by President Alija Izetbegovic of Bosnia and President Franjo Tudjman of Croatia, was an important building block toward creating a comprehensive peace.

According to these officials, an overall agreement to end the civil war in the former Yugoslavia might be possible in the next few weeks, suggesting that Serbia might push the Bosnian Serbs to make territorial concessions in Bosnia to help end economic sanctions against Serbia.

The agreements on Friday, which were signed after an intense mediation effort by the United States, will create a binational state out

of the 30 percent of the land of Bosnia controlled by the Muslims and the Croats. Bosnian Serbs now control about 70 percent of Bosnia.

Bosnia's Muslim-dominated government, backed by the United States, is urging the Bosnian Serbs to cede about 20 percent of Bosnia's territory so the new state would have about half of Bosnia's land.

"Serbia and the Serbs of Bosnia cannot sidestep their own responsibility to achieve an enduring peace," Mr. Clinton said.

The Bosnian constitution will form a state with about 15 cantons, some Muslim-dominat-

ed, some Croat-dominated, some about even. The Muslims and the Croats would share power and would be responsible for foreign affairs, national defense and commerce.

Reacting to the agreements, Momcilo Krajcinovic, president of the self-proclaimed Bosnian Serb parliament, told the Belgrade-based Tanjug press agency that the Muslim-Croat federation was "an unnatural creation" that would never work.

American officials say they plan to press the

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Clinton Seeking To Ease Impact Of China Curbs

By Thomas W. Lippman

Washington Post Service

WASHINGTON — The Clinton administration is studying ways to limit the impact on American businesses and the Chinese private sector if President Bill Clinton decides to curtail China's trade privileges over human-rights issues, senior administration officials say.

Rather than making an "all or nothing" decision on revocation of trade privileges, the administration might impose sanctions only on

In his China visit, Japan's prime minister won't linger on the subject of human rights. Page 5.

certain goods or industries, officials said. The goal would be to maximize the economic impact on the Chinese government, while sparing sectors of the economy not deemed responsible for human rights abuses, officials said.

Additionally, the administration has begun reviewing scheduled visits by Chinese military, scientific and trade delegations to decide whether they should be allowed to take place, officials said.

A State Department official said the internal discussion of whether to try to revoke China's most-favored-nation tariff status for some goods or industries and not others was in a very preliminary stage. But he added that American officials wanted at least to "signal that we're looking for a way to pull the trigger" on trade sanctions if necessary.

Another administration official said such a plan might convince those who doubt that the administration would sacrifice the important trading relationship because of the rights dispute.

Mr. Clinton suggested such an approach in

See CHINA, Page 4



TIME TO RETIRE — A Russian officer yawning during a ceremony in Potsdam, marking a stage in troop withdrawal from Germany.

A New U.S. Line on Russia 'Pragmatic Partnership' Is the Theme

By Fred Hiatt

Washington Post Service

MOSCOW — Defense Secretary William J. Perry left Moscow on Friday after repeatedly invoking a new mantra of U.S.-Russian relations: "pragmatic partnership."

The phrase, rooted in growing skepticism in Washington about United States aid for Russia, is intended to reassure Americans that helping Russia is in their interest, too. Throughout Mr. Perry's visit there was no talk of idealism, shared values or generosity, only of calculated self-interest on both sides.

Several observers said Mr. Perry succeeded, during his brief visit, in showing that the fragile American-Russian partnership is producing rewards for both sides.

But the visit also underscored a dilemma in the new approach: as domestic pressure forces the Clinton administration to invoke American interests to justify aid to Russia, Russians grow ever more suspicious of American motives. That suspicion, in turn, may reduce whatever small influence Washington has over the stormy political change taking place here.

"It appears that Western democrats have given up all their hopes of seeing Russia be-

come a democratic state," an article in Literaturnaya Gazeta said this week. "Their main concern today is to achieve any kind of geopolitical control they can over the new Russian regime." Such comments are typical.

Mr. Perry had to persuade Russians that he was not here only to help America, while per-

NEWS ANALYSIS

suading Americans that he was not just helping Russia, either.

He won a promise from his Russian counterpart, General Pavel S. Grachev, that Russia would join the North Atlantic Treaty Organization's Partnership for Peace program by the end of the month, a move that might quiet some Western fears about Russia's superpower ambitions.

On Friday, Mr. Perry signed an agreement to allocate \$20 million to promote the conversion of Russian arms makers to civilian production. Again, American officials stressed the mutual advantages, since all money is to be channeled through American companies forming joint

See PERRY, Page 4

Kiosk

Clinton Huddles With Greenspan

Dow Jones	Trib Index
Up 30.51	Down 0.86%
3,895.65	113.38

The Dollar	Ft. close	previous close
New York	1.6988	1.6983
DM	1.4905	1.4838
Pound	1.0812	1.0573
Yen	5.781	5.7533
FF		

In a surprise move, President Bill Clinton summoned Alan Greenspan, chairman of the Federal Reserve Board, to a meeting at the White House on Friday, raising fears of higher interest rates and setting off rumbles in the American and European stock and bond markets. Page 9.

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Up and Coming
An occasional series about the leaders of tomorrow.

As a choreographer, Kirk Peterson is so known for careful planning that his dancers refer to him as "The Mathematician." A profile by Lawrence Malkin, in Monday's Herald Tribune.

Asia Forum Heeds Clinton's 'Go West'

By Thomas L. Friedman

New York Times Service

HONOLULU — Since taking office, the Clinton administration has steadily tried to shift the focus of American business away from the traditional European markets and toward Asia. Lloyd Bentsen, the secretary of the Treasury, took another step in that policy Friday, convening a group of finance ministers from across the Pacific and telling American investors that this group alone would be starting the equivalent of 18 Santa Monica Freeway projects every day for the next year.

"I don't have to tell people in this town about the need for freeways," Mr. Bentsen told a business group in Los Angeles on Friday morning, before flying to Hawaii for the meeting of the Asia-Pacific Economic Cooperation forum. "I've given you a lot of numbers, but here are some I think hit home. In Asia — excluding Japan — they will spend a trillion dollars in infrastructure of all types in the next decade. That's a Century Freeway every week."

"If I were 30 years younger, I know what market I'd want to be in," Mr. Bentsen added. "I'm from Texas. I'm used to big. But it is difficult to comprehend how big that market is and how those economies are transforming."

Mr. Bentsen's remarks, and the first-ever gathering this weekend of all the finance ministers from the Asia Pacific region, are part of the Treasury Department's efforts to redefine both the boundaries and content of American financial diplomacy.

Throughout the Cold War, America's financial diplomacy tended to be centered on the Group of Seven industrial powers — Britain, France, Germany, Italy, Japan, Canada and the United States — and confined largely to interest rate and exchange rate coordination.

The Group of Seven jobs conference in Detroit last Monday was an attempt by the Clinton administration to try to begin transforming that organization to deal with more practical matters of daily life, like unemployment. This meeting in Hawaii of the 17-nation Asia Pacific

Economic Cooperation forum, which includes such economic titans as China, Singapore, Thailand, Indonesia and Taiwan, is the latest manifestation of the Clinton administration's main message today to America's business leaders: "Go west."

As one administration official put it: "The G-7 job summit is about what is going wrong. APEC is about what is going right."

Whatever the geostrategic thinking may be in other parts of the Clinton administration, the Treasury Department is operating on the assumption that when the history of the late 20th century is written, the most important transformation that historians will point to is not the end of the Cold War, but rather that more money flowed more rapidly to one region — the Asia Pacific — than in any decade in the history of the world.

As a result of those capital flows two billion people — two-thirds and a-half times as many living

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Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L. Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Armenia.....1.400 CFA	Qatar.....8.00 Riels
Cameroun.....9.00 FF	Réunion.....11.20 FF
Egypt.....E.P. 5000	Saudi Arabia.....9.00 R.
France.....9.00 FF	Senegal.....200 PTAS
Gabon.....960 CFA	Spain.....200 PTAS
Greece.....300 Dr.	Tunisia.....1,000 Din
Ivory Coast.....1,120 CFA	Turkey.....T.L. 15,000
Jordan.....1 JD	U.A.E.....8.50 Dirh
Lebanon.....US\$ 1.50	U.S. Mil. (Eur.) \$1.10

New Missile Threat Seen in North Korea

CIA Says Range of Weapons Could Cover Asia-Pacific Area

By R. Jeffrey Smith
Washington Post Staff Writer

WASHINGTON — North Korea is developing two new ballistic missiles that could eventually threaten all of Japan, China, Australia, New Zealand and Southeast Asia, according to the CIA director, R. James Woolsey Jr.

Mr. Woolsey's remarks, at a conference of historians on the origins of the Central Intelligence Agency, was the first public confirmation of reports that the two new North Korean missiles are expected to have a range of more than 1,000 miles and 2,000 miles, respectively (1,600 and 3,200 kilometers).

The missiles have been designated by Western analysts as Taepo Dong-1 and Taepo Dong-2, after the name of the North Korean site where they are under development. Neither has been tested in the air, and officials said they would not be completed until the late 1990s.

Unlike North Korea's own No-dong-1 missile, which has been tested and can reach only South Korea and portions of Japan and China, the new missiles "could put at risk all of Northeast Asia, Southeast Asia and the Pacific area," Mr. Woolsey said.

"If exported to the Middle East," he said, they could "threaten Europe as well."

Officials said most intelligence analysts at the CIA and the Defense Intelligence Agency believed

North Korea was probably developing the new missiles on its own. But a minority view within the Defense Intelligence Agency holds that China could have assisted North Korea. The officials added that the issue would be clarified as the missile program proceeds.

North Korea put on its defiant face on Friday, assailing the international Atomic Energy Agency and promising to respond to any "pressure" with "a resolute measure." T. R. Reid of The Washington Post reported from Seoul.

The tough talk from the North was matched in Seoul as South Korean officials indicated they are prepared to support sanctions against North Korea, according to reports in the South Korean media.

In a statement from Pyongyang monitored by radio in Tokyo and Seoul, the Korean Central News Agency insisted that the atomic energy agency rescind its report this week that said North Korea had hindered inspection of its nuclear plants when a United Nations team visited the country March 1-14.

"If the IAEA secretariat sincerely wants a fair resolution of our nuclear issue," it must rescind the unreasonable assessment," of the inspection team, North Korea said.

The statement said that it was the inspectors, not North Korea, who violated the terms of the Feb. 15 agreement between the UN agency and Pyongyang, and that the North had no choice but to resist the inspectors' "unjust demands."

"The agency secretariat gave the inspection team instructions inconsistent" with the agreement and "made the inaccurate report from the inspection team a fait accompli," the North Korean statement said.

ISRAEL: Talks to Resume

Continued from Page 1

that Syria, Jordan and Lebanon had agreed to resume negotiations with Israel.

The United States and Israel object to referring to Jerusalem as an occupied territory because they want the issue settled in peace talks. Jordan controlled East Jerusalem until 1967, when Israel took it during a war and then annexed it.

The United States and Israel, not a Security Council member, are willing to accept an unarmed civilian force, but only in parts of the occupied territories to come under Palestinian autonomy according to the Sept. 13 Israel-PLO accord.

The PLO wants an armed international force to protect Palestinians and the removal of Jewish settlements from Palestinian population centers.

Mr. Rabin has proposed that Arab police be deployed in Hebron, provided they are under Israeli authority.

(AP, Reuters)

■ Removal of Jews Weighed
Clyde Haberman of The New York Times reported from Jerusalem.

Prime Minister Rabin was reported Friday to be thinking about moving the Jewish settlers in Hebron, taking them out of their several enclaves in that flashpoint West Bank town and concentrating them in one or two locations there.

Officials insisted that they had no concrete plans, adding that in any event they would do nothing until the PLO agreed to return to the suspended peace talks.

But "once the talks resume, everything is possible," a senior official said, declining to rule out future changes in Hebron, a center of religious and nationalist fervor where about 450 Jews live among about 100,000 Arabs whose desire to get the settlers out has greatly intensified since the mass killings.



A HAND FOR THE CHIEF — Prime Minister Felipe González of Spain acknowledging applause from members of his Socialist Workers Party after he made the keynote speech Friday on the first day of the national party congress in Madrid. He urged unity against unemployment.

Sweden to Vote Nov. 13 on EU Entry

Reuters

STOCKHOLM — Sweden's political leaders announced Friday that they had agreed on Nov. 13 as the date for a referendum on joining the European Union.

Sweden negotiated membership terms with the 12-nation bloc this month but faces a general election on Sept. 18 with two parties still wavering on the question of EU membership.

It is due to join on Jan. 1, 1995, and the Rikspolis, or parliament, is expected shortly to approve the deal worked out with Brussels.

Prime Minister Carl Bildt said he had hoped to hold the referendum in June, before the general election, but had bowed to the wishes of the opposition Social Democrats, who are ahead in opinion polls, and set a later date.

The Social Democrats have yet to decide whether to support membership and have decided to hold a party congress in June to decide their position.

The Social Democrat leader, Ingvar Carlsson, favors EU membership. It was under his government that Sweden submitted its ap-

plication in 1991. However, not all party members support his views.

Another party yet to get off the fence is the Center Party, one of four in Bildt's minority center-right coalition. It plans to hold its congress in May.

Sweden's membership terms have yet to be approved by the European Parliament, the EU's assembly.

At present, the plan to admit Sweden, Finland, Norway and Austria has been stalled by a dispute among the 12 current members over voting rights.

For Russians, a New Breed of Swindlers

By Celestine Bohlen
New York Times Staff Writer

MOSCOW — With the economy in shambles and the legal system a joke, Russia has become a breeding ground for swindlers who take advantage of people's confusion, desperation and what remains of their trust.

Scams have a long tradition in Russia. In "The Government Inspector," Gogol created an impostor who was able to make an entire provincial town believe he was someone he wasn't. And there was Ostap Bender, a literary character of the 1920s who bedazzled Soviet bureaucrats and other fools with schemes so elaborate they barely knew they had been robbed.

The new breed is short on charm, but their gull is staggering. Their schemes range from the petty to the bold, from multimillion-dollar deals to run-of-the-mill embezzlement and fraud. There have been fake lotteries and phony investment schemes.

Fake companies have run ads selling nonexistent services. Employment services collect application fees for high-paying, but fictitious jobs. Real estate brokers terrorize owners into selling their apartments for next to nothing, and trick buyers into paying for apartments that are out for sale.

In a case recently described in the weekly newspaper Moscow News, a couple in their 20s ran advertisements in several major newspapers offering scarce medicine at cheap prices.

Listing themselves as the Commercial Department of the European Bank, itself a fiction, they asked customers to deliver cash to several Moscow postal boxes, and wait for the medicines to be delivered to their homes. In this way, an estimated 40,000 people,

many of them pensioners, lost 20 million rubles (about \$15,000 at the current exchange rate).

After this, the couple moved into the big time, setting up a company that sought orders from hospitals and pharmacies. They collected an additional 50 million rubles, some of which they spent to buy an office, two apartments and five cars.

According to the newspaper, they were caught only after they demanded more money from their old customers with a form letter citing the impact of inflation on medicine prices.

"It is an amazing thing, but Russians who don't believe in anything anymore — not in the government, not in politicians — are ready to believe an advertisement that promises to make them rich overnight," said Mikhail Berger, a journalist for the newspaper Izvestia who has investigated some of the scams.

He said a woman who had lost money to a company claiming to be American and promising to give her a 24 percent monthly return on her \$5,000 investment came into Izvestia's offices recently to report she had been swindled. Asked why she had been so trusting, she said, "But they had such nice offices, and at a good address."

In the Communist era, bald-faced scams were rare. But the old underground economy turned out to be a training ground for a new breed of hucksters.

With prices jumping each month by about 20 percent there are good reasons why Russians are frantically searching for ways to protect their savings, if they have any.

The scramble is not only over rubles, but also over dollars, the currency of choice for Russia's new rich, and vouchers, the 146

million privatization coupons distributed to every Russian as their share of the national wealth.

Vouchers, which carried a value of 10,000 rubles when they were issued in October 1991, can be sold, used to buy shares at auctions of state companies, or entrusted to one of 657 registered investment funds, which vary widely in size and credibility.

Underregulated and oversubscribed, investment funds have proved to be a natural haunt for Russia's swindlers. There were several notorious scandals in St. Petersburg last year, where an estimated 350,000 people gave their vouchers to companies promising cash and other bonuses. The bonuses never materialized and the companies disappeared.

It is not just individuals who are being duped. This month it was discovered that the director of one of the country's largest automobile plants, GAZ, in Nizhni Novgorod, had spent 46.5 billion rubles in state-issued credits to buy up the company's privatization vouchers through 15 different firms.

It was the most blatant case so far of a state manager manipulating the privatization process to keep control of his factory, in this case one that employs 109,000 workers.

Despite these celebrated cases, little has been done to tighten controls on the investment funds, several of which have amassed millions of shareholders who expect handsome first-year dividends sometime this spring.

The State Property Committee, which is charged with regulating the funds, cannot fine the funds; all it can do is suspend or take away their licenses. As some experts point out, this would hardly be a punishment for a company that was already planning to skip town.

Paris Yields To Protests On Youth Wage Plan

Compiled by Our Staff From Dispatches

PARIS — The government retreated Friday on a plan to lower the minimum wage for young people as renewed protests erupted in the provinces, including a battle between rock-throwing students and riot policemen in Lyon.

The retreat came a day after violence erupted in a dozen French cities during demonstrations against the plan. Renewed protests occurred Friday in Lyon, Nancy, Mulhouse, Grenoble and Auch.

In Lyon, youths hurled rocks at policemen in front of city hall, smashed a bus stop and vandalized cars. The police replied with tear gas. One officer was hospitalized and six rioters arrested. No violence was reported elsewhere.

Labor Minister Michel Giraud announced in a radio interview Friday that he would open immediate consultations with unions and students to modify the proposal on lowering entry-level pay for youths in a bid to increase employment.

It marks still another cave-in by Prime Minister Edouard Balladur's conservative government in the face of determined protest. The government said Thursday that the plan would not be changed.

"This is about paying attention to the wages that have been expressed," Mr. Giraud said. "We can't let this situation get worse when we have 750,000 young people out of work."

He called a meeting for Monday with unions and student leaders. The proposal would reduce the entry-level minimum wage for recent graduates by 20 percent for a year if employers provided certain training. Critics say it amounts to a double standard that insults the young and will lower wage rates.

Mr. Giraud's compromise would pay youths 80 percent of the minimum wage for doing 80 percent of a normal day's work — meaning no change in hourly pay. The other 20 percent of work time would be spent in formal training.

The change would apply only to those with two years of post-high school education or training.

The government, despite a record majority in parliament, has consistently withdrawn policies when confronted with major discontent — by Air France workers over layoffs, fishermen seeking price supports, and teachers and students against plans to give more public funds to private schools.

Mr. Balladur faces his first national popularity test after a year in office when French voters choose more than 2,000 councilors in elections on Sunday.

Often dominated by local issues, the two-round vote, with a second ballot the following Sunday, will determine who controls France's 95 departments, the administrative districts in charge of public services outside urban areas.

But analysts will be watching mainly how support for the center-right coalition, which swept to a landslide victory in parliamentary elections a year ago, has weathered a year of recession, rising unemployment and social conflict.

"These elections must be a way of supporting and showing confidence in those who are managing the affairs of state today," Culture Minister Jacques Toubon said.

A vote of well over 40 percent for the coalition parties, the Gaullist Rally for the Republic and the center Union for French Democracy, would be a sign of public favor.

Likewise the opposition Socialists, which dropped to a mere 18 percent in general election last year, will need to win something near 25 percent to claim a serious revival.

(AP, Reuters)

WORLD BRIEFS

Bangkok Bomb Linked to N.Y. Blast

BANGKOK (AFP) — International terrorists who made a huge bomb found unexploded in Bangkok are believed to have ties to the group that bombed the World Trade Center in New York City last year, Bangkok's police chief said Friday.

The police chief, Lieutenant General Chaiyapichit Karachanakit, said the one-ton device, found Thursday in a large tank on the back of a truck, had been constructed with the same material and was of the same type as the device that damaged the New York trade tower.

The national police chief, Pratin Santiprapop, said that two members of the gang had been identified and that they had been renting a house here. He did not give their names, and said the police were unsure if they, still were in Bangkok. Deputy Prime Minister Banayai Bhanduduan said the police had been ordered to tighten security around foreign embassies.

Touvier Defense Asks Lighter Charge

VERSAILLES, France (Reuters) — A lawyer defending Paul Touvier, the Nazi collaborator, asked the court on Friday to lighten the charge against him. Mr. Touvier is accused of crimes against humanity for ordering seven Jews executed in 1944.

On the second day of the trial, the lawyer, Jacques Tremollet de Villers, said the charge against Mr. Touvier must be reduced under a new penal code that took effect earlier this month. He said the new code stipulates that a person must commit summary executions on a "massive and systematic" scale to be charged with crimes against humanity. Under the previous code, premeditated murder was sufficient, he said.

He also said the new code allowed extenuating circumstances to be applied to the case because Mr. Touvier claims he acted under orders. Such circumstances were not permitted before the code took effect. Mr. Touvier, who was seated in a bulletproof glass box, is charged with the execution of the seven Jews in June 1944 when he was intelligence chief of the French militia in occupied Lyon.

Iranian Plane Crashes in Caucasus

MOSCOW (Reuters) — An Iranian transport plane crashed in the war-torn Caucasus enclave of Nagorno-Karabakh, killing all 32 people on board, and military experts said on Friday it could have been shot down. The C-130 Hercules was taking relatives of Iranian Embassy staff, mostly women and children, home from Moscow for New Year celebrations in Iran. The Russian Civil Defense Ministry said it lost altitude after the cockpit became depressurized. According to the embassy, the aircraft was carrying 19 passengers, including 9 children, and a crew of 13.

Russia's Interfax news agency quoted military experts as saying the plane, which crashed just north of Stepanakert on Thursday night after straying off course, "could well have been shot down by a mobile anti-aircraft missile system." But a later Tass story quoted unidentified sources as saying it was unlikely the plane had been shot down.

Mexican Rebels Harden Peace Terms

MEXICO CITY (NYT) — Disputing the government's optimism about the prospects for a quick end to the peasant uprising in southern Mexico, the military commander of the insurgents says they will refuse to lay down their arms until at least after a new president is elected in August.

In an interview at a rebel-held village in the Lacandon rain forest, the guerrilla leader known as Commander Marcos suggested strongly that his Zapatista National Liberation Army would reject the peace agreement offered by the government this month. He said that while rebel leaders were still evaluating the offer, many of them viewed the government's promises of political changes, land reform and new social programs in the southern state of Chiapas as unacceptably vague.

And though the draft agreement will still be presented for a vote by peasant communities that support the Zapatistas, Commander Marcos said the insurgents would condition any new talks with the government on changes in Mexican law to assure a more democratic political system. But even so, it appeared from statements by both rebel and government officials that the promise of the draft peace agreement was slipping from President Carlos Salinas de Gortari's grasp. "What is clear is that this is going to take a very long time yet," Commander Marcos said.

Bosporus Reopens After Tanker Fire

ISTANBUL (AP) — The Bosporus reopened to traffic on Friday after the crude oil aboard a stricken tanker stopped burning, five days after the vessel collided in the strait with a freighter.

About 200 vessels have been waiting at both sides of the waterway to get through. The Bosporus links Istanbul's European and Asian coasts and is a major shipping route.

The accident occurred Sunday after the freighter Ship Broker, which was sailing empty toward the Black Sea, collided with the oil tanker Nassia, which was carrying 51,000 metric tons of crude oil from Russia to Italy. Both were registered as Greek Cypriot vessels. Eighteen crew members were killed and 11 are missing.

For the Record

Five people were killed and five were wounded in various incidents of related to the Kurdish conflict in southeast Turkey, according to Turkish security officials. The dead included two members of the Kurdistan Workers Party.

(Reuters)

TRAVEL UPDATE

Scandinavian Airlines System said it will expand its flights connecting Copenhagen to Berlin and Vienna to two a day from one and will begin service to Saint Petersburg, Tallinn, Estonia; Vilnius, Lithuania; and Thessaloniki, Greece, beginning March 27. SAS will also begin three weekly flights to Reykjavik, and increase its flights to Dublin and Tel Aviv.

Three of Moscow's four airports were closed by snow on Friday, with only the domestic airport, Domodedovo, remaining open.

Finnair will increase flights abroad by 7 percent this year, to meet growing demand. New routes include three weekly flights from Helsinki to Vilnius, Lithuania, and five flights a week to Manchester, England, via Stockholm.

Air Pacific, Fiji's flag carrier, has contracts to bring German vacationers to Fiji on its new service from Los Angeles starting in July.

(AP)

2 Kenyan Journalists Held for Subversion

The Associated Press

NAIROBI — Two Kenyan journalists have been charged with subversion and ordered held without bail for reporting that nine people were killed in an ethnic clash. The charge carries a maximum penalty of three years in prison.

In their report in The Standard, a Nairobi daily, Ngũgũ wa Kuria and Peter Makori said that nine people died and hundreds were displaced in ethnic clashes at Molo, in the Rift Valley about 170 kilometers (100 miles) northwest of here.

The government denies the story and claims it was intended to cause security problems at Molo.

Swiss Curb Asylum-Seekers

Reuters

BERN (Reuters) — The Swiss parliament has passed legislation that sharpens the powers of the police to arrest and jail foreigners failing to identify themselves and gives the authorities sweeping rights to search homes.

The law had been demanded by several newspapers and rightist parties to crack down on foreigners abusing their status as asylum-seekers, in some cases dealing in drugs while awaiting a decision on their cases.

Leftist parties and refugee groups, which have criticized the measures as racist and an infringement of fundamental civil liberties,

say the law, which was passed Wednesday, could lead to the uncontrolled imprisonment of foreigners. A parliamentary spokesman said that under the law, to take effect July 1, foreigners who lacked a Swiss residency permit and could not identify themselves to the satisfaction of the police could be jailed up to three months.

2 Die in Greek Train Wreck

Reuters

ATHENS — Two people were killed and 10 injured Friday when two cars of a commuter train derailed near the city of Larissa.

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Akihito Will Visit U.S. For Two Weeks in June

The Associated Press

TOKYO — Emperor Akihito and Empress Michiko of Japan will visit 10 cities in the United States in a two-week trip beginning June 10, the government announced Friday. The trip is Akihito's first to the United States since becoming emperor upon the death of his father,

The technical-level talks follow an initial 90-minute meeting on Friday between Michel Camdessus, the IMF's managing director, and Viktor S. Chernomyrdin, the Russian prime minister.

Mr. Camdessus indicated at the meeting that the IMF was "inclined to delay" granting the \$1.5 billion credit until it had been able to

examine budget projections in more detail. Valeri Grishin, a Russian government spokesman, told the Inter-Tass news agency.

An IMF official said that the technical talks "could result in a change within two days." He said Mr. Camdessus and the Russian prime minister left Moscow later Friday for a hunting trip "where they can talk one-on-one, and not just about the \$1.5 billion loan" but also about broader Russian economic and political issues.

Mr. Camdessus on Thursday began a five-day visit to Moscow that his aides described as an attempt "to make his own judgment" about the scope for releasing the special loan.

The special loan, the second tranche of a \$3 billion facility that was part of a promised Western aid package, has been delayed since

last autumn because of IMF concern about Russia's budget deficit and inflation figures.

Mr. Grishin said Friday that the IMF delegation was particularly worried about statements by Vladimir V. Zhirinovskiy, the ultranationalist politician, that the draft Russian budget "inflated receipts and minimized expenditures." Meanwhile, Mikhail Zadornov, chairman of the Russian parliament's budget committee, claimed the government had already included the IMF loan in its draft 1994 budget.

Mr. Chernomyrdin, who in the past has been criticized by Western economists and Russian opposition leaders as an obstacle to economic reform, has in recent weeks been seeking to persuade the IMF and Western governments of his reformist credentials.

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Czech Rep	00-42-00012	India	000-127	Peru	001-190	United Kingdom	0800-89-0222
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THE AMERICAS / 'PRETTY STEAMED'

★POLITICAL NOTES★

Clinton's Turning the Page, Gergen Says

WASHINGTON — The presidential counselor David R. Gergen expressed serious concern that the continuing Whitewater real estate affair could undermine President Bill Clinton's ability to carry out his domestic agenda, including health care reform.

But he said a new White House strategy emphasizing full disclosure had finally enabled the White House to turn "a significant page" in its efforts to keep the inquiry into the failed Arkansas land deal from shifting the focus away from health care and other issues.

For months, the Clintons had turned aside many questions about Whitewater — a failed real estate development in which they invested — declaring they had done nothing wrong and did not need to discuss the matter. More recently, under pressure from Republicans and jarred by repeated news media disclosures, the president has shifted his approach.

He has supported the appointment of a special counsel to investigate the affair, endorsed a White House memorandum forbidding unauthorized contacts between officials and regulators looking into a defunct Arkansas savings and loan owned by the Clintons' partner in the Whitewater project and promised full cooperation with the special counsel and any congressional hearings that may be held.

Mr. Gergen emphasized the need for the White House to be open about the venture. But at the same time he said the White House had been trying to combat "an element of Clinton haters out there who have been trying to stir up things and make trouble for a very long period of time."

House Bars Balanced-Budget Measure

WASHINGTON — The House has rejected a proposed constitutional amendment to require a balanced federal budget after the turn of the century.

Supporters fell 12 votes short of the two-thirds majority required for a constitutional amendment; the final tally was 271 to 153. Only one Republican, Benjamin A. Gilman of New York, voted against it, along with 151 Democrats and the House's only independent, Representative Bernard Sanders of Vermont. Ninety-nine Democrats and 172 Republicans voted for it.

The vote was more than the academic exercise it might have seemed after the measure was defeated in the Senate on March 1. In fact, it was seriously contested in hopes of gaining momentum for the next battle, when the issue comes up again in a year or two.

That was particularly important because both sides expect the vote in the Senate the next time to come out better for supporters, who fell four votes short this time after an energetic effort against it by the Senate majority leader, George J. Mitchell of Maine. He has announced his retirement at the end of this session, and most of his potential successors support the balanced-budget amendment.

Under the amendment the House voted on, federal outlays could not exceed receipts in any fiscal year unless three-fifths majorities of the membership in both houses voted for a specific deficit. Similar majorities would be required to increase the national debt. (NYT)

Senate Gets '3 Strikes' Crime Package

WASHINGTON — The House Judiciary Committee sent a package of anti-crime legislation to a floor vote next week, including a bill that would impose life imprisonment for offenders convicted of three violent crimes.

The committee endorsed its version of the "three strikes and you're out" measure, 27 to 8, with opposition coming only from liberal Democrats who argued against mandatory sentencing. The panel's version, which largely followed administration recommendations, would affect fewer violent criminals than language the Senate passed last November as part of an omnibus crime bill. (WTP)

Quote/Unquote

George Stephanopoulos, White House adviser, after receiving a subpoena from the Whitewater special counsel to appear before a grand jury looking into the case: "I welcome the opportunity to give Mr. Fiske the facts." (LAT)

Reagan Accuses Candidate North of Iran-Contra Lies

By Kent Jenkins Jr. and Michael D. Shear
Washington Post Service

WASHINGTON — Ronald Reagan has accused Oliver L. North, who is running for a U.S. Senate seat in Virginia, of lying about the former president's actions in the Iran-contra affair, saying in a letter that he was "getting pretty steamed" about "false statements that one candidate continues to make."

In the six-paragraph letter, which comes only days before a significant number of delegates will register for the party's summer nominating convention, Mr. Reagan acknowledged that he was violating his own rule against intervening in Republican Party battles.

But as he rose from breezy friendliness to understated anger, the former president accused Mr. North,

who served on Mr. Reagan's national security staff, of lying about the facts.

"I never instructed him or anyone in my administration to mislead Congress on Iran-contra matters or anything else," Mr. Reagan wrote. "And, I certainly did not know anything about the Iran-contra diversion."

He added, "And, the private meetings he said he had with me just didn't happen."

The letter, which was solicited by Paul Laxalt, a former U.S. senator from Nevada, was made public by Mr. North's Republican Party opponent, James C. Miller 3d, a former budget director in Reagan administration.

Mr. Miller offered no comment on Mr. Reagan's entrance into one of the most watched Senate campaigns in the country. But the letter quickly flushed

out Mr. North, who derided the effort to involve his former boss as "Washington insider politics at its very worst."

Mr. North accused opponents of a "blatant and intentional misrepresentation about things I have said and written."

He announced that he had faxed his own letter to Mr. Reagan in Los Angeles. His response noted that Mr. Reagan was "not taking sides" in the primary but

politely corrected the former president.

"You have been seriously and intentionally misinformed about what I have said about my service on your National Security Council staff," Mr. North wrote. "It appears that my opponents have intentionally taken out of context and misused my words."

He said this was designed "to salvage a floundering political campaign against me."

He added, however:

"It is a matter of record that I was in many meetings with you in the Oval Office, the White House situation room, the Roosevelt and cabinet rooms and other places in the White House as well."

Mr. North's letter also mentioned the five and a half years in which he served the administration "loyally and faithfully" and how "my life and the safety of my wife and four children were threatened by the world's most brutal assassin, Abu Nidal."

Despite Mr. Miller's silence, prominent North opponents were jubilant.

They had worked for months to draw Mr. Reagan into the race, and analysts said that the former president's accusations could be the most serious blow so far in Mr. North's high-profile, high-dollar senatorial campaign.

Don't Appear Too Partisan on Whitewater, Republican Urges

By Helen Dewar and Ann Devroy
Washington Post Service

WASHINGTON — A leading Republican caudillo urged his party on Friday against too strong a show of partisanship in the coming Senate hearings on the Whitewater affair.

The call for prudence came from Senator John S. McCain 3d, Republican of Arizona, following the Senate's unanimous vote on a resolution to look into the financial dealings of President Bill Clinton

and his wife when Mr. Clinton was governor of Arkansas.

"Politics is clearly a blood sport here in Washington," Mr. McCain said. "But at the same time, the Republicans have got to be careful in the course of these hearings that they don't appear too partisan, that they are trying to get at the facts and treat this issue fairly. Otherwise, it could rebound to the benefit, frankly, of the Democrats. So the Republicans have got to be very careful in their handling of this issue."

The vote resulted from a compromise that promised an "appropriate timetable, procedures and forum" for hearings but left unresolved the sensitive issue of when they should be held.

The agreement, ratified by the Senate, 98 to 0, after hours of negotiations, came as two more White House officials appeared before a federal grand jury reviewing Clinton administration contacts on Whitewater.

In the Senate, leaders of both parties claimed they got what they

wanted from the deal on hearings.

Bob Dole of Kansas, the leader of the Senate's minority Republicans, got his request for joint leadership hearings in preparation for hearings on all aspects of Whitewater, while George J. Mitchell of Maine, leader of the Democratic majority, succeeded in forestalling any immediate deadlines for holding them.

If the talks do not result in agreement on a plan for hearings, Mr. Dole said, "we'll be back on the floor" for further directions. Mr. Dole said he hoped his talks with

Mr. Mitchell could begin next week.

The agreement, which followed protracted and bitter wrangling over Republican demands for hearings, said they should cover "all matters" related to the controversy that has come to be known as Whitewater, including the Arkansas land-development corporation by that name that was half-owned by Mr. Clinton and Hillary Rodham Clinton in 1978.

To overcome objections from Robert B. Fiske Jr., the special

counsel investigating Whitewater, the agreement stipulated that no witness would be granted immunity from prosecution over Mr. Fiske's objection and said hearings should be "structured and sequenced in such a manner" that they would not, in Mr. Mitchell's and in Mr. Dole's judgment, interfere with Mr. Fiske's investigation.

At the White House, which one senior official said was moving from "crisis management in problem management" on Whitewater, Mr. Clinton said hearings were up to Congress but referred to the costly history of some hearings. At the federal district court here, the departing White House counsel, Bernard W. Nussbaum, spent about four hours before a grand jury looking into contacts between White House and Treasury officials on Whitewater.

These proceedings were expanded by Mr. Fiske Thursday with a subpoena to George Stephanopoulos, the 11th administration official ordered to appear before a grand jury here.

Clinton's Rush to Repaint Emerging Picture of Unpaid Taxes

By John M. Broder
Los Angeles Times Service

WASHINGTON — As indications grow that the Clintons may have underpaid their income taxes for 15 years, the White House has begun a concerted effort to cushion the political impact of a new finding of possible financial violations.

The Clintons, along with senior aides, are conceding in public and in private that tax complications and mistakes are not uncommon in complex business affairs and should not be taken as serious ethical lapses, if that proves to be one of the Whitewater investigation's findings about the first couple.

Hillary Rodham Clinton, in a series of preemptive acknowledgments over the last several days, has said that she and Bill Clinton may have claimed Whitewater-related income tax deductions to which they were not entitled.

She said that, as new information about the poorly documented Whitewater real-estate project was uncovered, it might divulge previously unknown tax liabilities.

A soon-to-be-published audit of the Clintons' tax returns from 1980 through 1992 conducted by Money magazine concluded that the Clintons might have underpaid their taxes by \$16,358, and that their total liability for the period, including Internal Revenue Service interest, could total \$45,411. The magazine said that about \$8,000 of the possible underpayment stemmed from questionable Whitewater deductions.

White House officials say they hope that a strategy of early disclosure and playing down the tax issue now will help when the special counsel in the Whitewater case, Robert B. Fiske Jr., issues his report or if news organizations publish evidence of financial impropriety.

White House aides say they fear that new disclosures about the Clintons' finances will feed a public perception that the administration suffers from a pattern of ethics violations and that the Clintons are untrustworthy.

Other recent presidents, includ-

ing Richard Nixon, Jimmy Carter and George Bush, were criticized over problems with taxes and private investments. Former Vice President Spiro Agnew was driven from office after pleading no defense to a federal charge of income tax evasion.

Although such revelations have not been fatal in a presidency, they tend to reinforce the existing perceptions of the character of the office-holder, some political analysts say.

The Mooney magazine study,

conducted by a Los Angeles tax attorney and a former IRS tax audit group manager, Mary L. Sproule, found that the Clintons committed three "glaring mistakes" in the preparation of their taxes in the 1980s and early 1990s.

They kept inadequate records, they overestimated the value of many of their deductions and they relied too much on their tax preparers.

The magazine also reviewed

Whitewater deductions for 1978 and 1979.

Away From Politics

● Five astronauts returned to Earth aboard the space shuttle Columbia, safely landing in Florida after a two-week science and technology research mission.

● The president of Cornell University, Frank H.T. Rhodes, 67, said he would retire at the end of the next academic year.

● The worst flu season in four years is ending in the United States, with just three states and

the District of Columbia still citing high rates of the illness, federal health officials said in Atlanta.

● A 71-year-old man from Simi Valley, California, has died of valley fever, a respiratory illness that is contracted by breathing spores that grow in soil and may have been forced into the air by the Jan. 17 earthquake, health officials said.

● The New York State Court of Appeals unanimously outlawed the practice of charging advance fees that cannot be refunded no

matter how little work a lawyer performs for a client. The finding may affect the billing practices of many of the nation's lawyers.

● Albert Einstein College in New York has agreed to pay \$300,000 to end a sex discrimination lawsuit filed by a former researcher. The settlement ends seven years of legal battles that began when Heidi S. Weissmann filed suit alleging that she had been wrongly discharged after being denied equal pay, promotions, raises and a sabbatical because she was a woman.

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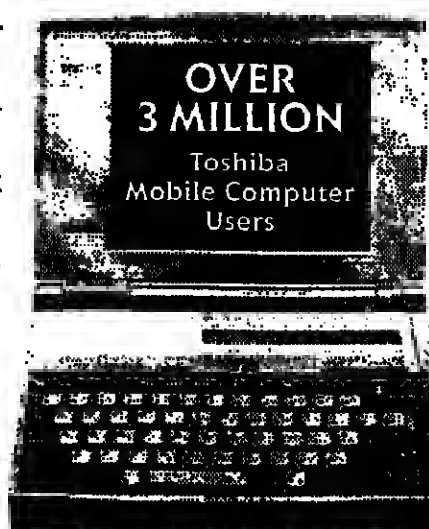


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convoy of members of India's Border Security Force and army soldiers, killing one soldier and injuring four before escaping, police said. The soldiers then opened fire on nearby homes and pedestrians in Anantnag, a town 45 kilometers (30 miles) south of Srinagar where the rebel attack had occurred, the witnesses said. The police said 8 were killed and 10 injured by Indian forces.

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90 Tracker's guide
91 A ship to remember
92 "56 song "If _____ My Druthers"
93 Heroic narrative
94 BBQ rod
95 Indecent literature
96 Hoover's force
97 Supplements with "out"
98 Tort
99 Page fliers, briefly
101 Cholera

Hosokawa's China Visit Will Skim Over Rights

By David E. Sanger
New York Times Service

TOKYO — In an vivid illustration of the Clinton administration's isolation in its tough policy toward China, Japanese officials said Friday that Prime Minister Morihiro Hosokawa will make only passing and vague references to China's treatment of dissidents when he meets with leaders in Beijing this weekend.

Mr. Hosokawa's visit, his first as Japan's leader, seems certain to be a sharp contrast to Secretary of State Warren M. Christopher's tense confrontation in Beijing last week. It will enable the Chinese to demonstrate that only Washington is threatening to link progress on human rights issues to its economic relationship with Beijing.

The visit also will serve as a reminder that denying preferential trade benefits to China would only serve to help Japan, which last year became China's biggest trading partner, ahead of Hong Kong and the United States. Japanese officials are loath to join the critics of Mr. Christopher's mission in public, for fear of worsening its already-strained relationship with the Clinton administration. But in private, they have expressed baffle-

ment at Mr. Christopher's approach, saying that only American businesses would lose by trying to use economic levers to change Chinese behavior. European leaders are also rushing to China to strike business deals.

In five years, Japan's two-way trade with China has nearly doubled, to \$36 billion. For years Japan had maintained that it prefers to deal with Chinese human rights issues in what they call a "more Asian way," rarely criticizing the Chinese leadership in public, and exerting gentle pressure in private. Critics of the Japanese approach say that argument is a smokescreen, and in the race to increase Japanese trade and investment in China, virtually no pressure is being applied at all.

Japan is by far the largest provider of foreign aid to China, providing more than \$1 billion in grants and loans to Beijing in 1992 for projects ranging from dams to fertilizer plants to the new subway in Beijing. Japan's direct investment in factories and other facilities in China is now soaring, after years of hesitation by Japanese business.

In the five months from April to September last year, Japan invested more in China, \$695 million, than it did in all of 1991.

"We have invested as much as we can in the United States," a senior Japanese industrialist said recently. "We're overinvested there. The growth for us is in China, Indonesia and Vietnam, and everyone has now realized it."

The difference between Mr. Hosokawa's approach and Mr. Christopher's was crystallized Friday when a senior Japanese official involved in planning the trip to China described the prime minister's agenda with Li Peng, the Chinese prime minister. He never once mentioned human rights issues.

When the subject was raised by American reporters, the official, who insisted on anonymity, said that "human rights is a common value in the world, and we share that value." Pressed further, he said "we will convey our concerns to the Chinese, in a certain manner."

Preparing for the trip, the Foreign Ministry has suggested to Mr. Hosokawa that he not raise any specific cases of dissidents being kept in detention or under house arrest. More dissidents were reportedly arrested Friday, including some protesting about Japan's treatment of Chinese prisoners during World War II.

Japanese press reports said several of the arrests took place in front of the Japanese Embassy in Beijing, including two people who were delivering open letters to Mr. Hosokawa. War compensation has been a persistent issue between the two countries.

For Mr. Hosokawa, two issues will take precedence in the meeting with Chinese leaders: North Korea's nuclear-weapons project, and Japanese concerns about the pace of China's military buildup.

Mr. Hosokawa will reportedly ask China to step up its efforts to get North Korea to permit international inspections of its nuclear facilities. But both Tokyo and Beijing, for different reasons, have warned against imposing sanctions against Pyongyang by the United Nations Security Council.

The issue may reach a head next week, after the International Atomic Energy Agency meets Monday to decide how to respond to the North's refusal to permit inspectors to take radioactive samples from its nuclear installations earlier this month.

Japanese officials said Mr. Hosokawa would also ask for more "transparency" in China's military plans, to ease fears in the region that it wants to build a blue-water navy or expand its military reach.

Tokyo Chief in Trouble In Diet (and in Poll)

Reuters

TOKYO — Prime Minister Morihiro Hosokawa of Japan sank deeper into trouble on Friday with a deadlock in the Diet, or parliament, entering a second week, his own ruling coalition mired in quarrels and with no progress in defusing a trade dispute with the United States.

Mr. Hosokawa's plight was illustrated by a new opinion poll showing support for the government falling 8.9 percentage points in one month, to 49.7 percent.

Jiji news agency said the main reason cited by respondents for their growing disapproval was a loss of confidence in the prime minister's leadership ability.

"We are aware that a cold north wind is blowing against our government," said Mr. Hosokawa's spokesman.

The opposition, an alliance between the conservative Liberal Democratic Party and the Communists, refused again Friday to begin parliamentary debate on the state budget without more data from Mr. Hosokawa on a shady loan affair. Normally, the budget for the fiscal year beginning April 1 is passed by the Lower House by the end of March.

Mr. Hosokawa has come under attack for a 100 million yen (\$943,000) loan he received from Sagawa Kyubin, a trucking concern at the heart of the scandal that toppled the Liberal Democrats from power last year.

Solarz Out, Wisner In As Envoy To India

By Todd S. Purdum
New York Times Service

WASHINGTON — After months of delay and conflicting reports, the White House has told Stephen J. Solarz that President Bill Clinton will not nominate him as ambassador to India, and Mr. Solarz has withdrawn his name.

Senior administration officials said the president now intended to nominate Frank G. Wisner, the undersecretary of defense for policy and a senior career diplomat, for the post in New Delhi, which has been empty for a year.

Mr. Wisner has been the ambassador to Egypt and to the Philip-

pines. The long delay in filling the ambassadorial post has strained relations with India.

Officials said there was a plan for Surob Talbot, the deputy secretary of state, to go to New Delhi soon to affirm U.S. interest in good relations.

Just seven weeks ago, a Justice Department inquiry into whether Mr. Solarz, a former Democratic representative from New York, took a bribe to help obtain a visa for a Hong Kong businessman who turned out to have a criminal record, ended without charges.

The inquiry had tied up Mr. Solarz's appointment for months, and top administration aides said after it ended that his nomination would then go forward.

But to a telephone interview on Thursday, Mr. Solarz said that in recent days senior administration officials, including Vice President Al Gore, had made it clear that the investigation had left a cloud over his nomination, which had never been formally made, especially to light of ethical questions concerning the Whitewater affair.

"There seemed to be a feeling that because of the nature of my relationship with this fellow from Hong Kong that there would be problems with the confirmation process," he said.

"And my feeling was, given the climate of the times and the difficulties the White House was already encountering, I didn't want to add to the burdens of the president."

He said that the administration had asked him to be a special envoy to Sudan, a post that would not require Senate confirmation, and that he would consider it.



GLORY OF OLD — The American flag that flew over Old Fort Niagara during the War of 1812 being unfurled at the fort in Youngstown, New York. The flag was taken by the British during the war. It was bought from the Drummond family in Scotland.

AMERICAN TOPICS

Officials Say Amtrak Is Deteriorating Badly

Amtrak, the U.S. passenger train network, is deteriorating. If it is to remain viable, it needs more federal and state tax money, according to the General Accounting Office, the investigative arm of Congress.

Amtrak's president, Thomas M. Downs, told the House of Representatives subcommittee on transportation that equipment is run down, trains are late and employees are overworked.

"We're selling disappointment at the same time we're selling transportation," he said. "My fear is that this is the precise formula that 30 years ago led to the rapid decline and near demise of rail passenger service" in the United States.

Amtrak was formed in 1971 to preserve the last remnants of private rail passenger service. After a shaky start, it attracted a growing patronage and increasingly paid its own way. But it had to maintain a delicate balancing act between a usually hostile White

House and a Congress that has provided just enough money to keep the trains running.

Short Takes

People with living wills or other end-of-life instructions spend about one-third as much on their final hospital stays as those without such provisions, according to a study. Living wills are designed to keep patients from getting unwanted treatment — such as life-prolonging therapy when they are dying — if they are too sick to speak up. "Respecting a patient's right to choose the kind of medical care received at the end of life also results in a tremendous benefit to society by limiting resources spent on futile and often unwanted attempts to prolong life," said the study's leader, Dr. Christopher V. Chambers of Thomas Jefferson University in Philadelphia.

The snake's forked tongue allows it to track down prey or a mate by following an aromatic trail that might not even be detected by many other animals, according to Kurt Schwab, a biologist at the University of Connecticut. When following a trail, a snake frequently flicks its tongue, spraying the ends apart as far as possible. The snake thus tests the chemical strength of the scent trail at two different points and, determines the direction the trail is heading. The split tongue, in effect,

gives a stereo sense just as two ears give a direction for the source of a sound.

Shakespeare's Hamlet was given a mock trial at the U.S. Supreme Court in Washington. The jury, including Justice Ruth Bader Ginsburg, tossed out the insanity defense. It ruled that Hamlet knew full well what he was doing, although he got the wrong victim, when he stabbed the elderly courtier Polonius through a curtain. A psychiatrist, Dr. Alan Stone, testified that Hamlet's rough treatment of both his mother, Gertrude, and the girl he supposedly loved, Ophelia, was plain old sexism.

While Linda Levy was waiting at Palm Beach Airport in Florida for a flight to New York, she reports in the Metropolitan Diary column of The New York Times, early boarding was announced. A woman went up to the desk and loudly declared that she wanted to get on the plane immediately. "I'm sorry," the attendant said, "but at this time we are preboarding families traveling with small children, as well as our Continental frequent-flyer Gold, Silver and Bronze One-Pass passengers."

"How about a hip replacement?" the woman demanded. The attendant replied, "That'll work."

Arthur Higbee

BOOKS

I AM SNOWING: The Confessions of a Woman of Prague

By Pavel Kohout. Translated from the Czech by Neil Bermel. 308 pages. \$27.50. Farrar Straus Giroux.

Reviewed by Dennis Drabell

IMAGINE Thomas Jefferson or Tom Paine writing a political novel a couple of years after the Revolutionary War, and you have a rough idea of what "I Am Snowing" may mean to citizens of the young Czech Republic.

Pavel Kohout's name is less familiar than Vaclav Havel's, but the two writer-reformers are linked by Charter 77. In 1975 the easing of Cold War tensions had led to the Helsinki accords, which gave recognition to East Germany but also affirmed certain basic human freedoms. Along with the accords' other communist-bloc signatories, Czechoslovakia ignored the human-rights clause at home. On Jan. 1, 1977, a "charter" written by Kohout, Havel, and a few others and signed by almost 250 fellow-diss-

idents served notice that lip-service-as-usual would no longer go unremarked. The elegance of their move was that subscribing to and issuing such a declaration are core liberties in a free country.

How deeply this irony etched itself upon the rulers' mentality is hard to gauge; at any rate, they cracked down. Some signers, Havel among them, were jailed. Others were forced into exile, and Kohout was one of these (he now lives in Prague and Vienna). A dozen years later the Czechoslovak communist regime didn't so much topple as dissolve. There may be no direct causal nexus between Charter 77 and the Velvet Revolution, but the spiritual lineage is clear.

Vaclav Havel, of course, has become president of the Czech Republic. Meanwhile, Kohout has fused facts, incidents and personalities from recent Czech history with elements from his imagination to make this highly entertaining and unsettling novel.

The story's first-person narrator (and subject of Kohout's subtitle) is Petra Marova, a poet who counts herself lucky to have a steady, if stultifying, job handling classified ads for a Catholic newspaper. Though in her late 30s, she retains

the allure that has brought her a stream of lovers. She is seldom without a man.

Into Petra's life returns Viktor Kral, the one man she has never gotten over, an economist who has come back to work for the new Czech government as an "apostle of privatization" after 10 years of exile in Canada. Besides never ceasing to love Viktor, Petra has always honored him for refusing to sign the old regime's "anti-Charter" — an act of courage that set him apart from her ex-husband, who signed "without the slightest shame."

It seems, though, that Viktor may have been a collaborator who "staged his flight abroad to continue his work there as a secret agent." That, at least, is the conclusion of an investigating committee. The source for the charge is Josef Benes, the self-styled "only secret policeman ever to sign the Charter." He's lying, Viktor assures her. She agrees to meet with Benes and see if he won't withdraw the denunciation.

While acting as a go-between, Petra tries to sort out incidents and allegiances from a past that is deeply embedded in the present. Thanks to Kohout's deft technique, Petra tells a coherent story

in fits and starts, taking her cues from such friends and enemies as she runs into. Her method is to provide a running commentary on what they say to her, interspersing, say, Viktor's half of a dialogue with her own unspoken embellishments, corrections, sarcasms and self-reprimands.

The result is invariably lively, often funny, and well-suited to a milieu where, until quite recently, what people did and said for public consumption and what they thought to themselves might vary by miles. Like a nonfiction work in which the footnotes are as tantalizing as the text, "I Am Snowing" is a novel to prize for its parentheses.

Dennis Drabell, a Washington writer and editor, wrote this for The Washington Post.

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PROFIT: Clintons Did Well, With Power Broker's Aid

Continued from Page 1

The New York Times. Mr. Blair, who himself made several million dollars trading commodities, said he saw no conflict of interest because he helped Mrs. Clinton as a close friend, not because of her husband's position.

Speaking of the Clintons, he said, "Do they have to go weed their friends out and say they can only have friends who are sweeping the streets? They have friends who are high-powered lawyers. They have friends who write books, who write poetry."

Mr. Blair and the administration officials estimated her profits at roughly \$100,000. The officials said she opened her trading account in mid-October 1978, three weeks before Mr. Clinton was elected by a 63 percent to 37 percent vote. She got out of the market on Oct. 17, 1979, just as the rising market in cattle futures that she had profited from was collapsing.

As governor and during the 1992 presidential campaign, Mr. Clinton was forthright in defending the assistance state government gave to Tyson, which is among Arkansas's largest employers, saying that it was good for the state's economy.

Archie Schaffer, director of media, public and government affairs for Tyson, denied that Mr. Clinton did any special favors for the company or the Arkansas poultry industry.

"I can tell you that I disagree totally with any suggestion that the Clinton gubernatorial administration gave the poultry industry or Tyson any breaks," he said. "That's just nonsense." Mr. Schaffer said he knew nothing of the commodity trading.

The history of the commodities trades casts a new light on the Clintons' personal finances and on their relationship to the poultry industry and to Mr. Blair, who remains a powerful figure at the intersection of politics and business in Arkansas.

The trades have never been publicly disclosed. During the 1992 presidential campaign, the Clintons and their aides gave conflict-

ing accounts when asked to explain where the couple got the money to make a \$60,000 down payment on a house in 1980. Clinton aides declined during the campaign, and again Thursday, to make public their tax returns for the late 1970s.

When the question of the down payment first arose, the campaign said it came from an investment of Mrs. Clinton, which the officials declined to describe. Later, the officials released a statement in Mrs. Clinton's name that said the money came from "our savings and a gift from my parents."

On Thursday, the administration officials said that the down payment came from savings, including proceeds of the successful commodities trade.

Bill Clinton came from a family of modest means, and for all his political prowess, neither he nor his wife had ever made much money.

Mr. Clinton was elected state attorney general in 1976, at the age of 30. His annual salary then was \$26,500. Two years later, upon becoming the nation's youngest governor, his salary rose to \$35,000 — which left him as one of the nation's lowest-paid governors.

Mrs. Clinton, like her husband, a Yale Law School graduate, had joined her husband in teaching law at the University of Arkansas in Fayetteville in the mid-1970s. For the nine-month 1975-76 school year, each was paid \$18,090, a university spokeswoman says. When Mr. Clinton's election as attorney general took them to Little Rock in 1977, she joined the Rose Law Firm there as an associate. Her starting salary is not public, but within a year after being made a partner in 1980 it was \$46,000.

Mr. Blair, 11 years older than Mr. Clinton, was already an established figure in the world of business and politics in Arkansas. By the late 1970s, he had become one of the state's most successful trial lawyers.

His firm, Crouch, Blair, Cypert & Waters, was located in Springdale, the center of Arkansas's booming poultry industry. In addition

to advising some of the state's biggest poultry companies, it represented big trucking companies and the local utility.

Mr. Blair was also a force in statewide political circles. In 1974, he ran the final, doomed re-election campaign of Senator J. William Fulbright, Mr. Clinton's political mentor.

While a partner at Crouch, Blair, Mr. Blair became general counsel to Tyson, which was founded in 1936, with Donald J. Tyson's father hauling live chickens from Arkansas to Chicago. Mr. Blair eventually left the law firm and went to work for his friend Donald Tyson.

Mr. Blair's timing was impeccable. In the tiny Springdale office of Refco, Inc., a trading firm based in Chicago, a ragtag group of brokers, some of whom had been small-town liquor salesmen and clerks, was making millions of dollars, capitalizing on a stunning boom in futures contracts prices. The office's founder, a professional poker player named Robert Bone, was a 13-year Tyson executive who turned a knack for gauging odds into a small fortune.

Mr. Blair said Mrs. Clinton got into the commodities market at his suggestion.

Mr. Blair said he advised Mrs. Clinton to get into the cattle futures market because "I specifically was trading the cattle futures and thought I knew what I was doing."

(Dean Baquet and Stephen Labaton also contributed to this article.)

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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Choice for North Korea

If North Korea keeps international inspectors from taking samples at a key nuclear site, Washington will have little choice but to put off Monday's high-level meeting with Pyongyang. Those talks are aimed at opening North Korea to even more intrusive nuclear inspections in exchange for political and economic rewards. As long as North Korea reneges on inspections it has already agreed to, there is no point in talking about new inspections.

But before Washington takes further punitive actions, such as resuming provocative military exercises with South Korea, it needs to give the North another chance to make good on its pledge to allow the inspectors access. Washington should avoid steps that will foreclose further dialogue.

North Korea needs to understand that it now faces a clear choice between isolation as a nuclear renegade and engagement with the rest of the world as a nuclear-free nation. To resume high-level talks with the United States, the North must allow international inspectors to take samples that Pyongyang agreed were necessary to assure that no recent diversion of nuclear material has taken place and that safeguards to prevent diversion remain in place.

The samples in question involve taking swabs of a glove box used to handle radioactive materials and analyzing gamma radiation in a suspected reprocessing plant at Yongbyon. The samples are necessary to detect any traces of nuclear material that may have been transferred from a nearby reactor for possible reprocessing.

The North also needs to exchange special envoys with the South for talks to carry out their 1991 accord to ban nuclear reprocessing, as it promised to do. Only then can Washington resume high-level talks to resolve the nuclear issue and forge closer ties.

If the North does not act soon, the International Atomic Energy Agency may have no recourse but to turn the matter over to the UN Security Council. The council, in turn, is likely to impose economic sanctions, which would deepen North Korea's isolation and further stifle an economy that could benefit from greater openness. But Washington need not hurry to press for sanctions, which might only intensify the North's determination to develop nuclear arms. Given Pyongyang's economic straits, time is, after all, on Washington's side.

—THE NEW YORK TIMES

Time to Return to the Table

President Bill Clinton and Prime Minister Yitzhak Rabin of Israel, meeting in Washington, had some good advice for the PLO. Come back to the Hebron-interrupted Israeli-Palestinian peace talks, they said. Both in words and between the lines they suggested that in negotiations, the Palestine Liberation Organization is likely to reap advantages equal or superior to those it insists on receiving as a condition of returning to the table. Some of these gains would go directly to the issue — the security of Palestinians under Israeli occupation — raised at Hebron.

Yasser Arafat, the PLO chairman, already had a heavy political problem before a Jewish settler killed 29 Palestinians in Hebron on Feb. 25. After the massacre he has an even greater need to show leery residents of the West Bank and Gaza that peace talks promise real gains. His burden is most swiftly eased, however, precisely by returning to the talks — and by keeping the talks the central venue of Israeli-Palestinian dialogue. Israel, with renewal of these talks, would necessarily be at pains to show its reasonableness to Palestinians. Closure on the remaining issues of autonomy for Gaza and Jericho would at once alter the lives of a great many Palestinians. It is shortsighted of the PLO to pose condi-

tions for a return to talks and meanwhile to seek political comfort elsewhere. United Nations resolutions on the Middle East long ago lost relevance. The United States affirms the Israeli focus on direct talks. Surely the PLO cannot wish to set a precedent for penalizing the negotiating party whose errant citizens may have committed a terrorist outrage. Through all the retail acts of terrorism that Palestinians committed against Israelis before the wholesale Israeli act in Hebron, Israel stayed at the table.

The Hebron tragedy has put Israel under a certain gathering pressure — a good bit of it from citizens and friends — to move on from the current negotiating agenda of "interim self-government" to the tougher issues of permanent status, including settlements, Israel, with its own political cautions, wants to use the full two years of autonomy granted by September's Israeli-Palestinian Declaration of Principles to avoid permanent-status issues. But these principles also summon the parties to begin negotiating permanent status "as soon as possible." To Palestinians, that means right away. The Israeli government is right to insist that diplomacy be guided and contained by the Declaration of Principles, all of them.

—THE WASHINGTON POST

A New Check on Plutonium

The United States and Russia are now working out an astonishing agreement under which inspectors from each country would be able to go and count the plutonium triggers being taken out of the other's deactivated missiles. If this agreement is carried out as now envisioned, it can lead to many kinds of benefits. First, it can provide a simple way to check on the dismantling of weapons. Reconciling the requirements of secrecy and verification has always been the hardest part of any arms control treaty. Now that the two countries are no longer threatening each other with these weapons, better verification becomes possible. Inspection would also enable each government to reassure itself regarding the care and skill with which the other is guarding these components. The possibility of theft or diversion of plutonium has always been a great concern surrounding these nuclear armories, and the turmoil of Russia's second revolution has heightened those concerns. No doubt each side can learn from the other about procedures for keeping plutonium out of the wrong hands.

There are much broader benefits as well.

This new agreement can become an important precedent for openness in arms control generally. In the international rules that try to prevent the spread of nuclear weapons, there has always been one standard for the countries that have them and another for those that have not. The disparity has seemed discriminatory to many governments and has diminished the moral force of the Nuclear Nonproliferation Treaty. If the two countries with the largest arrays of these weapons now open a crucial part of their armories to direct visual inspection by each other, that will change things. It will become harder for countries with nuclear ambitions to fend off demands for international inspection. The practice of openness will have been strengthened worldwide.

The principle of unprecedentedly close inspection was established for chemical weapons in the treaty that most of the world's governments signed last year. If that same principle can now be applied to the plutonium being taken out of missile warheads, it will improve the chances that this most terrible of weapons will never be used.

—THE WASHINGTON POST

Close the Book on Harding

One big complaint to be made about the guilty plea by Tonya Harding is that because of it, we may never know how much she really had to do with the violent assault on Nancy Kerrigan in December. But that thing is certain: Ms. Harding is a convicted felon.

Her conviction was carefully circumscribed: "I'd just like to say I'm really sorry I interfered," she told the court. This is in the nature of plea bargaining, where a kid who steals a car to speed all over the county may end up pleading guilty to something like "unauthorized use" — as if he had merely forgotten to ask Uncle Leonard for permission to drive the Buick to the 7-Eleven.

The offense Ms. Harding pleaded to in Portland, Oregon, was hindering prosecution in the Kerrigan attack — that is, knowing about it after the fact and not telling authorities. But a deputy district attorney said that there was "substantial evidence to support Ms. Harding's involvement prior to the assault" and that if this bargain had not been made, "we would have proceeded with indictments on other pertinent charges."

It would have satisfied some part of the public's curiosity to see Ms. Harding's former

husband testify about what she knew, and when, and what she did. But given the nature of the key witnesses — alleged conspirators in the Kerrigan assault — and the odds, not to say bizzare, behavior of juries in a number of recent high-profile trials, who is to say the prosecutors did not make the best possible deal? Ms. Harding will not do time, but neither will she be coming out on the courthouse steps some day in the near future to announce to a mob of reporters: "I consider this a complete vindication."

As part of her plea bargain, Ms. Harding agreed to withdraw from amateur figure skating. But there is no guarantee that she will not make a great deal more money out of her notoriety than she ever would have out of amateur skating. She already has a \$600,000 deal with a TV show. That Tonya Harding should profit from the crime would be a sort of crime in itself, but one that is largely beyond the reach of prosecutors and for which a whole lot more of us than Ms. Harding would be indignant. The best way to prevent it is for enough people to decide that for them, the Tonya Harding story is over.

—THE WASHINGTON POST

No Sensible Choice but a True U.S.-Russia Partnership

By Andrei Kozyrev

The writer is foreign minister of Russia.

MOSCOW — A great debate rages in Russia and the West on the possibilities of a Russian-American partnership.

In this global transition, can the superpowers become real partners?

Some commentators consider the question premature, at best. Others are already predicting a new rivalry.

For those who support the goals of a Russia that is open to the world and the transformation of the post-Communist world, the answer is clear: There will be no perfect harmony, of course. Hard compromises will be needed.

One of the volatile post-Communist orbit into a stable, democratic order, there is simply no alternative to genuine partnership.

Both sides must be prepared for hard compromises to make it work. Now, we Russian democrats who stand behind these goals have met fierce political — even armed — resistance. But I must say, sadly, that in these confused days sometimes we are neither understood nor adequately supported by our natural friends and allies in the West. Even at this critical moment in Moscow, when democracy needs all the help it can get, we hear Western threats to reduce economic cooperation with Russia.

These threats are provocative and senseless, echoing a history of foreign policy debates I thought had ended. Some views suggest an almost manic desire to see only one leading power in the modern world — the United States of America — and to obsessively proclaim American leadership everywhere.

From the outset, pragmatic politicians in Russia and the West have proceeded on two premises. First, Russia is destined to be a great power, not a junior one. Under Communist or nationalist regimes, it would be an aggressive and threatening power, while under democratic rule it would be peaceful and prosperous. But in either case it would be a great power.

And second, partnerships like ours cannot be a firm, even aggressive, policy of defending one's own national interests. This may result in occasional disputes, but the context must remain one of compromise rather than confrontation. How naive to expect powers as great as Russia and the United States always to be in harmony!

It was in this spirit that my recent talks took place in Vladivostok with Secretary of State Warren Christopher and in Moscow with Secretary of Defense William Perry.

A particularly promising example of practical cooperation was the American agreement to involve Russian experts in defining the principles that should govern exports of military technology from the West to formerly Communist countries and those accused of state-supported terrorism.

Joint efforts — especially at the early stages, before situations become fait accompli — indicate a real partnership, whether in the field of technology or regional conflict.

What should Russian democrats do about the chauvinistic new banners flapping in the Washington wind? Russia cannot agree to a subordinate global role. It would be unjustified and politically dangerous. Extreme nationalists and other reactionaries would soon capitalize on such deference.

Indeed, they are already seeking to do so. Some Russian democrats remark pessimistically in their kitchens that while Yegor Gai-

dar, the former deputy prime minister, did not receive serious economic assistance from the West, it is the ultranationalist lawmaker Vladimir Zhirinovskiy who reaps the political benefits of the rhetoric about providing aid, much of which has never come.

While the notion of American global hegemony is dangerous, there remains an urgent need for American leadership, given the special position of the United States in the Group of Seven and in NATO.

Recall that NATO was created for the purposes of containing communism and consolidating Western democracies against its threat. But in today's world, NATO is inadequate for two reasons. It is no longer a common enemy as its main enemy, and it does not have Russia as a member.

What role should NATO serve in resolving major international conflicts? The organizational problem could be resolved partly through the U.S.-proposed Partnership for Peace, which several nations in Eastern and Central Europe have joined and which is acceptable to Russia as well.

But even this should not be viewed as a true joint partnership in world affairs. The problem has been posed most concretely by the crisis in Bosnia. The NATO ultimatum on Sarajevo was presented without Russian participation. It is unacceptable to exclude Russia from efforts to resolve the situation in Bosnia, where it has present and prospective interests.

Unless we urgently begin to build a strategy and mechanisms for a mature relationship based on reality — dare we call it realpolitik? — the Russian and American advocates of macabre self-fulfilling prophecies will surely exploit the present situation.

And both countries will surely lose.

The New York Times

China: Reports of Christopher's Debacle Are Greatly Exaggerated

By Jessica Mathews

WASHINGTON — The reaction to Secretary of State Warren Christopher's mission to Beijing has been wildly exaggerated. This was neither a policy debacle nor the "humiliation" some have called it. Mr. Christopher laid out in detail what he felt the Chinese had to hear and matched them diplomatically, for real.

Progress was made on some points. The U.S. position remained firm. Reading the criticisms, one might think that President Bill Clinton invented the linkage between most-favored-nation trade status and China's human rights record. To the contrary, he inherited a legacy of bruising battles between George Bush and Congress that ended each year in a presidential veto. Mr. Clinton garnered applause last spring for a policy that deftly threaded the needle between a Congress still angry about the Beijing massacre and recognition of the overriding importance of the U.S.-Chinese relationship. The decision separated trade and nonproliferation concerns from the annual MFN review because other issues could advance those interests. This narrowed and clarified the contested terrain, responding to China's complaints of moving goal posts. It may also have unintentionally highlighted the most sensitive issue.

The human rights conditions necessary for this year's renewal required that China meet the longstanding Jackson-Vanik measure on freedom of emigration, never a big issue with China, and comply with an accord on prison labor. Other conditions specified only a trend toward better observance of the Universal Declaration of Human Rights, releasing and accounting for political and religious prisoners, providing humane treatment of

prisoners, respecting Tibet's heritage and allowing international broadcasts. The policy came as close as any could have to satisfying all sides, including those now hurling brickbats. Business interests, which preferred an unconditional extension that Congress would not have approved, felt this was an acceptable second-best. Congressional leaders who wanted tougher conditions, believed the administration was serious about advancing human rights. Chinese student activists and Tibetans cheered. China's leaders had reason to see the policy as one they could work with.

How that promising beginning reached this low point is a matter for speculation. Conflicts over dangerous Chinese exports and over textiles clouded the relationship. Some Beijing leaders doubted U.S. firmness. Perhaps the largest factor was China's long leadership transition, which induces hard-liners and moderates alike to prove their toughness.

The secretary's visit itself was poorly timed. With the National People's Congress meeting in Beijing, they began rounding up dissidents. Mr. Christopher's aides, reports The New York Times, were "shocked and bewildered" by the Chinese behavior. But at Mr. Christopher's level, officials visit a major country knowing what to expect. Anything less is a diplomatic failure. This was a diplomatic disaster.

The excuse that the unfortunate reception was the result of unforeseeable last-minute maneuvering by Chinese hard-liners is amateurish seeking the cover of naivete. The reasons that the Chinese rejected Mr. Christopher's overtures are obvious. The Chinese looked at the Gorbachev experiment — political liberalization before economic liberalization — and concluded that it led to chaos and national ruin. Their choice is economic liberalization under continuing authoritarian rule.

structive China in the Security Council, on regional security issues — especially North Korea — on environmental matters such as global warming and on the issue of its exports of weapons of mass destruction. The onus for action now rests squarely with Beijing. Unnoticed in reports of the meeting were several small steps forward: an agreement on prison inspections with specific time limits; information on 235 prisoners; a first-time pledge to provide information on 106 Tibetans; incremental steps on emigration; and an agreement to receive technical data on the

jamming of Voice of America broadcasts. Note that these touch on each of the U.S. conditions. None constitutes "significant progress," but all of them could be built upon.

In return, Congress must find a way to remove the MFN obstacle to a relationship in which neither human rights nor commercial interests is the most important element. A return to the days when MFN renewal was routine could be achieved with the administration's help without sacrificing human rights. The Bush administration could not have reached such a deal — Congress did not trust its commitment to human rights — but this one can. None of the other levers at Wash-

ington's disposal is strong. They include multilateral pressure in the World Bank and the United Nations, high-level support for dissidents and for Tibet, and vigorous support for democracy in Hong Kong. But wielded with steady determination and buttressed by the inevitable weakening of centralized control that capitalism brings, such measures could achieve at least as much as the threat of trade sanctions has.

The writer, a senior fellow at the Council on Foreign Relations, was deputy to the U.S. undersecretary of state for global affairs in 1993. She contributed this view to The Washington Post.

No, the Secretary's Head Should Roll

WHO IS the chief beneficiary of the Whitewater explosion? Try Warren Christopher. Only in a Washington entirely absorbed with scandal could his astonishing debacle in China have gone so unremarked.

Mr. Christopher went to China breathing fire and brimstone about its need to improve its human rights. The Chinese greeted him with contempt. Even before he arrived they began rounding up dissidents. Mr. Christopher's aides, reports The New York Times, were "shocked and bewildered" by the Chinese behavior. But at Mr. Christopher's level, officials visit a major country knowing what to expect. Anything less is a diplomatic failure. This was a diplomatic disaster.

The excuse that the unfortunate reception was the result of unforeseeable last-minute maneuvering by Chinese hard-liners is amateurish seeking the cover of naivete. The reasons that the Chinese rejected Mr. Christopher's overtures are obvious. The Chinese looked at the Gorbachev experiment — political liberalization before economic liberalization — and concluded that it led to chaos and national ruin. Their choice is economic liberalization under continuing authoritarian rule.

In the long run, it is a strategy bound to fail. They cannot retain Leninist political control with a dynamic market economy growing at 13 percent a year, the fastest in the world. And they are gradually losing control.

Along comes Mr. Christopher with a list of human rights demands now — or else. Or else President Bill Clinton will withdraw most-favored-nation trading status. The problem is that MFN is rapidly being recognized as the wrong tool for bringing democracy to China. It would claim too many casualties on both sides of the Pacific.

It would cause a huge disruption of American trade. And it would inflict enormous damage on precisely that sector of Chinese society — the growing free market — that most threatens the repressive regime.

Mr. Christopher began to cave, amazingly, even before he had left China. At a Beijing press conference, he signaled a moderation of U.S. human rights requirements.

Once again, as in Haiti and Somalia: the right policy, arrived at only in retreat. How many more times must this secretary of state engage in policy-by-humiliation before he grasps the nation with an early retirement?

—Charles Krauthammer in The Washington Post

Australia: A Friend of Clinton's Faults His Asian Trade Policy

By Anthony Lewis

CANBERRA, Australia — "I think the United States has wrong-footed itself unnecessarily in its argument with Japan," Prime Minister Paul Keating said.

"If it argues that Japan should open its markets to the rest of the world, having secured so much itself in the multilateral trading system, it cannot lose that argument. But if it then argues that the way to do it is through managed trade and quotas imposed on a market economy, it's bound to lose the argument."

Why? I asked. His answer was that managed trade would not work: "What American president, what Australian prime minister, what German chancellor, what Japanese prime minister can deliver on behalf of their

manufacturing or service industries great chunks of market share? I suggest: None."

Mr. Keating did not direct his criticism at President Bill Clinton. After Mr. Clinton's efforts on the North American Free Trade Agreement and the GATT trade talks, he said, "The multilateralist in him is pretty obvious." But he suggested that the president was feeling pressure for "bilateral solutions."

"Because of a slowness in restructuring its economy in the 1980s," he said, America has had "a loss of confidence in its capacity to trade profitably in these new burgeoning markets" in Asia.

But in fact, he said, "the United States is making very large productivity changes, changes to its business culture. Look at the car industry. In quality and price you can actually win a legitimate market battle. You don't need to be tricky about that."

Americans may find it a bit surprising to have the leader of an Australian Labor government talking in these tough market terms. But Mr. Keating has moved the Labor Party to the center on economic and other issues, and the policy has been a remarkable political success.

He became prime minister in 1991 by carrying out a party coup against the man who had the job, Bob

Hawke. A year ago this week he faced an election that all the experts said was "unwinnable" — and won.

On China, too, the Keating government differs from Clinton policy. The United States is right to put its views on human rights on China strongly. Mr. Keating said — as he has done, "But to go the next point and say, well, if you don't accept that view, we will then rupture the relationship is not an ideal solution in a less than ideal world. The problem in all these things is, if you put a hook in your own mouth, you've got to be able to dislodge it. I just hope that U.S. policymakers have thought that through."

Was there any compromise away out of the conflict with China, I asked, for example by Washington imposing some penalty on Chinese trade but not completely dropping China's most-favored-nation status?

"Probably," he said, but it would require a gesture from China on human rights — one that would take patient, firm negotiating to achieve.

The prime minister mixed these comments with praise for President Clinton. "In this presidency," he said, "there is a chance to restore the faith Americans have had in their highest office as an agency for change."

"I think that societies find leaders like this once in a generation, if they're lucky. They've got one now, and they should value it."

There was a sense in the interview of Mr. Keating's identifying with Mr. Clinton. They are of the same generation — the prime minister 50, the president 47. They have in common, too, the rise from humble origins. But Mr. Keating has nothing like Yale and Oxford in his background. He left school at 15 and entered Parliament at 25.

"I learned the hard way," the prime minister said. "I educated myself largely. I had to build in my head a model of this country, its society and economy, how you keep a society together, how you deliver assistance to those who are disadvantaged and low-paid without holding back those who are able to create wealth."

A striking aspect of his personality is his love of the arts. He is a hard politician with a rough tongue, dismissing opponents as "low-lives" and "grubs." But in music he goes for the romantic: from Beethoven to Elgar and Mahler. He said aesthetic interests influence his view of the world: "I've always been run by my eyes and ears."

The New York Times

With Liberty and Cotton Candy for All

By A. M. Rosenthal

NEW YORK — Maybe we should all wave a thank-you to Tonya Harding as she sets off to earn her first million, selling interviews and performing in ice shows.

Maybe, because of her ice shows, through managed trade and quotas imposed on a market economy, it's bound to lose the argument.

Why? I asked. His answer was that managed trade would not work: "What American president, what Australian prime minister, what German chancellor, what Japanese prime minister can deliver on behalf of their

— be off and enjoy it, along with your cotton candy cones.

By now, it is just another tale of American dollar-based justice. Tonya's prosecutor and judge simply decided it was too expensive to get to the bottom of the case.

Did she know when the ex-husband lived in her house and the strongman men on her payroll were so busy planning, arranging and carrying out the crime? That is what the ex-husband swears. Or in her innocence did no trace of suspicious sultry her mind until after Nancy Kerrigan was assaulted, the assailant behind bars, and Tonya awoke crying. Heavens, what have we here?

The prosecutor and judge, to save time and money, allowed her to plead guilty only to obstructing justice. Just? Forfeud.

The judge gave her a fine she can pay off with just a part of one television contract. And he decided, cruel fellow, that she could not take part in "amateur" events but to skate had to go for the big money of professional skating, a decision she had already made. Oregon Justice kissed her and opened the gates to the yellow-gold road.

But why be surprised? America is a country where every day judges and prosecutors bargain with criminals.

nals. Son, will you take a year right now for that assault and robbery or gamble on getting 10 if you go to trial? Next case: How about a little community service, learning kids against naughtiness, instead of the nasty old jailhouse?

Murdered a lover, did you, shot him to death for tommorrow? Well, how about saving the court's time and going for manslaughter, maybe out in five or six years?

In America, we now take it for granted that it is right to keep taxes down by trading justice for courtroom expenses. We are so used to saying murder is not really murder that we believe it — unless it is somebody we love down in the grave.

In America, a rapist gets married in a courtroom while his victim sits in a nearby room, in a wheelchair, unable to feed or dress herself because he had throttled her until the oxygen was cut off from her poor brain. Then — say day — the judge knocks a year off the sentence.

In America a woman is freed after confessing to cutting her husband's penis off. Why not? They sewed it back, didn't they?

In America, two little kids both their parents, beg money as pitiful orphans, and two juries can't for the life of them decide what to do.

Judge, hand us more of that nice cotton candy; there's plenty.

The New York Times

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Troubled Greece

PARIS — According to the latest despatches, affairs in Greece are taking a turn which may prove anything but favorable to the Tripartite Ministry. The financial situation is again becoming troublesome. The Greeks are beginning to fear lest some of the great Powers of Europe should treat them as Portugal has been treated, and recall their Ambassadors. If Greece does not keep her engagements, Europe will begin to feel more strongly than ever that certain countries adopt such a course. Greece could, by the exercise of a very moderate degree of economy in internal affairs, bring about a rapid amelioration in her finances. Small Powers which borrow money will have to get into the habit of setting with the great Powers which lend it.

1919: A Stronger Beer

NEW YORK — The Lager Beer Brewers' Association will resume the sale of beer containing 24 per cent

of alcohol, notwithstanding the Government prohibition. By the terms of President Wilson's proclamation, in December last, the brewing of beer containing 24 per cent of alcohol was permitted until May 1, 1919, but the strength in alcohol must be reduced by half of one per cent, before being put on sale. The brewers' association that beer containing only 24 per cent of alcohol is not an intoxicating beverage, is regarded as the commencement of an organized effort to set aside the Constitutional amendment prohibiting the sale of alcohol.

1944: Attack on Kuriles

PEARL HARBOR — [From our New York edition:] American air power, sweeping ever closer to the Japanese mainland, struck Matsushima Island, in the Kuriles, only 960 nautical miles from Tokyo. This was the first attack on Matsushima and the deepest penetration of the volcanic island chain guarding the northern approaches to Tokyo.

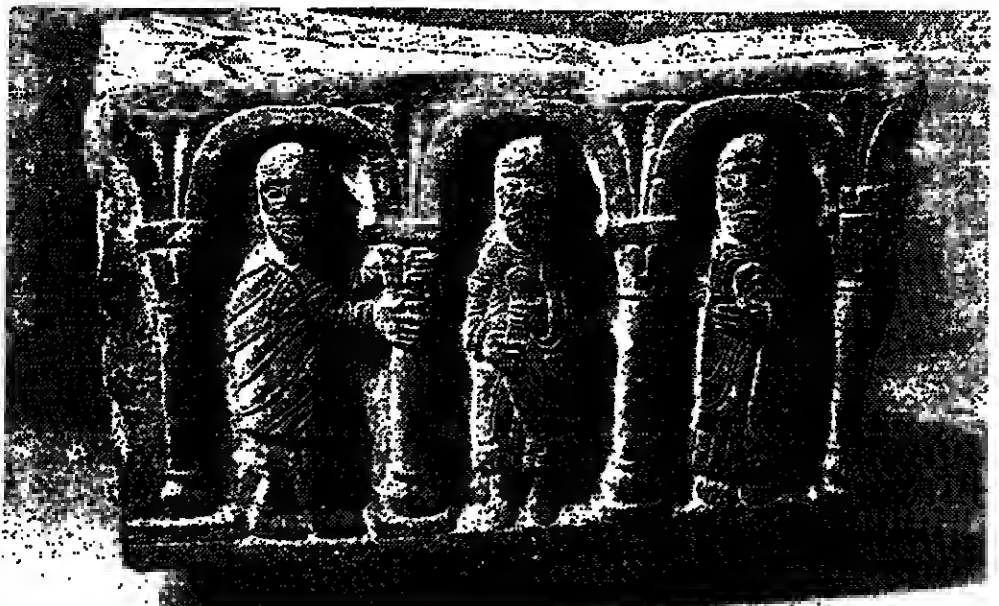
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هكزامن الفصل

Unexplored Avenues at Maastricht Fair

MAASTRICHT, Netherlands — At some grand show that owes nothing to the museum world thrusts under our eyes elements of an alternative art history — artists whose names were unknown, works by great painters that do not fit into recognized trends, beautiful objects that stand isolated. Art looks fresh again.

It becomes the wonderful surprise it should never cease to be. Collectors know the feeling. They



Fragment of early 12th-century Merkssem font from Mosan, southern Netherlands.

art to princely Scharckamer (treasury) taste than any scholar ever can. It is still in the dark as to its maker's identity. He had never seen a comparable piece. Possibly Bavarian or Viennese. It is so surprising that no bid had been made for it at the time of writing. The truth is that what we call so lamely "decorative" art is poorly known and barely recorded in vast areas.

Patrick Reijgersberg of Haarlem sold on the opening day a monumental casket with carved scrollwork in low relief and etched steel fittings from Southern Germany, perhaps Nuremberg. It was used for carrying bags of coins, possibly those of a late-16th-century banker, or princely treasures. The man must have been receptive to fashion trends. On the narrow ends, the steel plates for the handles are polychrome and cusped in the Middle Eastern style that was in vogue for 20 or 30 years at the time when Germany adopted certain types of arms and armor from Ottoman Turkey, such as the Zischgöbel type of helmet. A double-headed eagle connects it with Rudolph II. In any other field of art, such a piece would cause a sensation. Not hit-or-miss reproduced, it was swiftly pounced upon by a German dealer.

EVEN more revealing is the fate of a brass basin with a lobed well obviously inspired by a Chinese shape that was made in renaissance around 1600 somewhere in Holland. When a colleague saw it several years ago, he told Reijgersberg that it could not be right. The patina alone guarantees that it is — the blackened object must have been dug up from some pit. The Amsterdam Historical Museum clearly had no such qualms. It bought it last week for 4,800 guilders — about \$2,500. The piece is admirable, but fear can have a blinding effect. So goes the lure of Maastricht for the undaunted art explorers.

SOURIN MELIKIAN

keep venturing into the unknown. At the European Fine Art Fair in Maastricht (to Sunday), they got more of it than anywhere this year, which may well account for the roaring success of the fair.

Even the most intensively explored areas are full of unexplored avenues. Take 19th-century painting, about which the last word seemed to have been said a hundred times over. Yet, not many would be able to put a name, off hand, on the 48 oil sketches — many unfinished — that fill the stand of the Galerie d'Arenberg from Brussels. Their diversity is astonishing.

One strain is reminiscent of Corot on his first trip to Italy. The colors are fresh, the light is crisp, intense even. In the study of a 17th-century house on top of a hill, this is combined with a brisk brushwork in the handling of clouds, rather like Eugene Boudin's.

Another strain has something of the hazy golden tonalities of Turner in his Italianate phase. Last but not least, there is a group with a strong penchant for naturalism. The view of a hillside covered with vegetation anticipates Courbet. Other close-up studies of plants have a precise, jewel-like quality entirely of their own.

SUCH are the paintings done by Gilles-François-Joseph Closson, from Liège, during a four-year trip to Italy, from 1825 to 1829. Denis Cockleberghs, of the Galerie d'Arenberg, bought them at auction as anonymous work. A real coup to be sure. But hardly anyone else could have made it. Cockleberghs, an art historian turned dealer, wrote his doctoral dissertation on "Les peintres belges à Rome de 1700 à 1830." He alone must have scrutinized the only other recorded oil studies by Closson in the Cabinet des Estampes (print cabinet) of the Musée d'Art Moderne in Liège, where they are kept in storage.

The Closson sketches were well received. By the end of the second day, nine had gone — the house on top of a hill costing its buyer a modest \$9,200. They do not just reveal a virtually unknown artist of real talent. They also open up new vistas on the cross-currents from Britain to France to Italy — in which Belgium was caught up.

Other chapters of art history closer to our time may need a re-write regarding Northern Europe. The Dutch painter Jan Toorop,

well known in his own country, has yet to be recognized beyond its borders for the real flashes of genius he sometimes displayed. Forget his Symbolist period, for which most specialists would acknowledge his existence. A masterpiece in poetic evocation — a woman appearing between trees — done in short brush strokes in Postimpressionist fashion can be seen on the stand of Studio 2000 from Amsterdam. Teetering on the brink of abstraction, the Toorop has not been reproduced except for a commercial ad in the in-house magazine.

The Berts Gallery has chosen to project the image of a different Odilon Redon. This is not the perennial author of hazy pastels in a Symbolist mood. There is an exquisite view of a beach and a gem of a still life in black and red. Painted in oils, both defy classification within recognized styles.

Yet, all this pales into insignificance compared with the surprises

that the world of objects holds in store. And in this, the Maastricht fair reigns supreme. Axel Verwoerd, who deals from his Castle of 's-Gravenwezel near Antwerp, has come up with a series of four bronze medallions from France, hitherto unrecorded. They will keep art historians arguing for years.

Two are identified in ink inscriptions (written later, perhaps in the 19th century) as François de Guise (1519-1563), lieutenant general of the French Kingdom, and his wife, Anne d'Este. The sharply chiseled busts have a Fontainebleau School feel to them. Charles Avery, the Renaissance bronze specialist, ascribes the group to the Italian artist known in France as Dominique Florentin and to the Frenchman Jean Picard. It may be a long time before a firm conclusion can be reached.

A wonderful pair of bronze figures, which Verwoerd recently

bought again, after having owned them already twice in his career, can be dated from the costumes around 1600 to 1610. They are harder to place. In the early 20th century, they were thought to be Flemish. Now they are seen as Dutch. The woman shown walking has an elongated figure still smacking of Mannerism, but the brisk, decisive step and her way of gathering her dress herald Modern times.

No name can be attached to any of the bronzes in the small group to which the pair belongs. The masterpiece of German metalwork at the fair is equally elusive. The steel money case of traveling-trunk size is forged and chiseled in the greatest Baroque style. Its sinuous profile, its scrolling patterns, the smiling masks of its chimera, display the utmost mastery. Albrecht Neuhaus of Würzburg, who displays it for the second year running and who has handled more German Renaissance and Baroque

Past and Present at Paris Salon

By Michael Gibson
International Herald Tribune

PARIS — When the Salon de Mars' chief rival, the FIAC was created more than a decade ago, the modernist credo of a revolutionary break with the past was still widely accepted. The underlying assumption then was that art also progressed and that artists should contribute to the creation of a better world.

It took some time to realize that things were not that simple. "There is no progress in art, no break with the past," says Daniel Gervis, co-founder of the Salon de Mars with Florence Benham. "There is continuity."

As though to illustrate this point, the Salon de Mars presents contemporary art (the Tem-

ple, Marwan Hoss, J. G. M. Durand-Dessert, Contini galleries, etc.), in conjunction with the art of other periods and cultures.

Gervis's own large stand is probably the best instance of this approach: With the advice of Claude Lévy, he has conjured up a handsomely furnished apartment hung with works by Polakoff, Olivier Debré, Bengt Olsson and others.

This sort of presentation does set works off to their advantage — much more so than would the abstract space of a gallery — and favors an impression of conviviality, instead of generating the austere, mortuary-chapel mood that so many contemporary galleries strive single-mindedly to achieve.

The salon has 75 participants this year. African art is well represented by such authorities as Philippe Guimot (showing, among other things, a delightfully humorous 18th-century

Kondo pipe), and Alain de Montbrison (some first-rate Fang pieces).

Richard Temple has sent over from London a collection of outstanding ancient icons, while Janet Ostier has assembled a delicious selection of Japanese works devoted to animals of every kind. The various facets of Chinese art are represented by such galleries as Michael Good-bins with some stunning bronzes (including some with a magnificent red and green patina), and Robert Hall, with a galaxy of precious, many-colored snuff bottles.

In former years the Salon de Mars seemed to achieve a more intimate blending of contemporary and primitive art with objects and furniture than it has managed to do this year.

The fair, on the Champ de Mars, runs through March 27.



Yue Min Jun's "Happiness," on show at the Schoeni Gallery in Hong Kong.

A Chinese Revolution

By Steven Mufson
Washington Post Service

BEIJING — At the height of the Great Proletarian Cultural Revolution in the mid-1960s, Mr. and Mrs. Xia, both Beijing sculptors trained by Soviet teachers, were deemed politically incorrect and banished to the impoverished province of Anhui. There they cleaned floors, swept streets and pulled wooden carts. Forced to recite quotations of Chinese Communist Party Chairman Mao every day, Mrs. Xia had a nervous breakdown.

Twenty-five years later — with the Communist Party devoted to promoting economic growth instead of proletarian revolution — China is once again in the throes of a cultural revolution. But this one is quite different.

Mrs. Xia's 36-year-old son, Xia Xing, is an artist too — an oil painter. But, unlike his parents, he paints as he pleases — in his case, mostly portraits in a style reminiscent of 16th-century Dutch masters. For a recent New York exhibition marking the 100th anniversary of Mao's birth, Xia Xing painted a sly portrait of a gray-haired chairman in his drab trademark Mao suit — with the yellow edge of an emperor's robe sticking out from underneath the sleeve and collar.

"Young artists treat art as art, not as a propaganda tool for the government," says Xia Xing.

At the center of the new cultural revival is contemporary Chinese oil painting, which is being produced by graduates of elite state-controlled institutes and fed by China's economic reforms and the sudden surge of foreign investment. Several contemporary art galleries have flourished in Beijing, while galleries from Hong Kong to London have been selling and promoting the new Chinese oil painters.

The revolution is as much about money as art. The ability to lure rich new patrons has radically reshaped contemporary Chinese oil painting — at once liberating painters from bureaucratic dictates and threatening to enslave them to commercial temptations. Some painters can now earn as much through one painting as they would have made in a lifetime as a salaried member of a government art institute. Yang Yuan Fei, for instance, a professor at the Beijing art institute, commands as much as \$10,000 for a portrait.

Two galleries, one in Hong Kong and one in Beijing, provide windows onto the contemporary Chinese art

market. They display the mixture of unfettered commercialism and guarded expression that comprise Chinese art and society today.

Opened in December, the Century Gallery in Beijing is in the middle of Ritan Park, in a building where a 16th-century Ming emperor used to change into ceremonial robes. Century is trying to edge its way into the market, and joins a growing field of serious Beijing galleries, including September Gallery, the Red Gate gallery, the Beijing Concert Hall gallery, and galleries in the Oriental Gate and the Crown Plaza Hotel. Century's offerings are aimed at foreign business people, embassies, foreign companies and the small number of wealthy Chinese entrepreneurs; asking prices range from \$1,000 to \$12,000 per painting. Prime Minister Li Peng recently told a Chinese newspaper that he earns the equivalent of less than \$100 a month after taxes.

In particular, the portraits at Century show how Chinese painting has departed from the glorification of ordinary Chinese people. Among the paintings on sale is a nude painting by Wang Hua Xiang depicting a middle-aged, grim-faced woman with a tired looking body twisted away from her image in a mirror. Liu Shao Dong has painted himself in "Artist in a Mosquito Net," a bold, life-like canvas that depicts the baron-chested artist asleep in a drab gray room with paint peeling from the walls.

UNLIKE the Century, the Schoeni Gallery is already well-established in the British protectorate that is the bustling business and trading center for southern China and much of Asia. Its Swiss owner, Manfred Schoeni, is a longtime dealer in antique Chinese art.

The paintings at a current Schoeni exhibition include a variety of styles. In "Happiness," a large canvas on sale for about \$10,000, Yue Min Jun depicts a sea of young men in identical white T-shirts bearing a logo showing Tiananmen Gate. The men's smiling faces are identical, suggesting a lack of individual identity and a false sense of their cheer. Red balloons, normally seen during China's national celebrations of the revolution, float overhead. In a pair of canvases called "Consumer Icons II," on sale for about \$8,500, Qi Zhi Long has painted a bikini-clad woman, faceless except for her red lips, who is surrounded by flowers — each with a picture of Mao in the center.

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Thursday, March 31, 1994

Rooms 9 at 3 p.m. - OLD MASTER PAINTINGS. Experts: M. Turquin, MM. Hennebaut et Laurelle. On view: Wednesday March 30, 11 a.m.-6 p.m., Thursday March 31, 11 a.m.-1 p.m. ADER TAJAN, 12, rue Favart, 75002 PARIS. Tel: (1) 42 61 80 07 - Fax: (1) 42 61 39 57. In NEW YORK please contact Kety Maisonneuve & Co Inc. 16 East 65th Street, 8th floor, N.Y. 10021. Phone: (212) 737 35 97/37 38 13 - Fax: (212) 861 14 34.

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Tuesday, March 22, 1994

at 8.30 p.m. - ART NOUVEAU: GALLIE, DAUM, MAJORELLE, ARGY-ROUSSEAU, LAUQUE, etc. MILLON-ROBERT, 19, rue de la Grange Batelière, 75009 PARIS. Tel: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

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at 8.30 p.m. - IMPORTANT MODERN AND CONTEMPORARY PAINTINGS. MILLON-ROBERT, 19, rue de la Grange Batelière, 75009 PARIS. Tel: (1) 48 00 99 44 - Fax: (1) 48 00 98 58.

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at 8 p.m. - IMPORTANT OLD MASTER PAINTINGS from the Galerie Waterman d'Amsterdam and others collectors includes Brueghel "Les Proverbes Flamands", Canaletto "Le Pont de Westminster". Expert: M. Turquin.
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SOOTHEBY'S
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ADVENTURE LURES FIVE MILLION YOUNG PEOPLE

Most U.S. summer camps once offered the same mix

This legacy has left camps with two traditions that dominate camping today: Native American lore and moral uplift. The U.S. summer-camp experience often

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • It was written by Steve Weinstein, a free-lance writer based in New York.

The call of the West: cantering campers at the Teton Valley Ranch Camp, Jackson Hole, Wyoming.

The large number of sleepaway camps can make the selection of one a daunting task for parents. Mr. Solomon, who runs a camp referral service, advises parents to look into the history and age of the camp, and the work experience of the staff. The American Camping Association accredits camps on the basis of the quality of their programs and health and safety standards. The philosophy of summer camps varies widely.

For campers from overseas, supervision is important. Will someone from the camp meet the child at the airport? "A good camp provides door-to-door service," Mr. Solomon says. He advises visiting a camp only during the summer season.

Visiting a camp when dormant doesn't show anything," he says. "Aesthetically, it can look good, but the program can be inferior." Camps will send interested parents literature and, increasingly, videotapes, and may hold meetings with parents in selected cities.

***Campers can learn
about computers,
lose weight
or fight
'color wars'***

Three summer camps exemplify the wide difference in philosophies and programs among U.S. camps. Computer-Ed High-Tech Camp in Newton, Massachusetts offers four two-week sessions for children from the ages of eight to 17. Courses cater to all levels, from beginners to "computer nuts," according to the camp coordinator, Joann Knowles. All are combined with non-competitive sports, games, and arts and crafts. "The type of kid interested

Red Pine demonstrates the popularity of the traditional camping experience. Most counselors are former campers, the camp is in its 57th year and campers last year came from 26 states and nine foreign countries.

Buck's Rock Camp stands somewhere in the middle between the relatively unathletic computer nuts of Computer-Ed and the very athletic horseback riders of Red Pine. The 50-year-old

Camp Director Ron Danzig says that Buck's Rock offers a more fulfilling experience than traditional summer camp. "Most camps are really recreational facilities to keep kids busy for the summer," he says. "We want them to accomplish something, not just the color war."

Summer camps offer a variety of sports and games, and the children learn to play them. They also learn to swim, and to use a variety of tools and equipment. The children are also taught to be self-reliant and to take responsibility for their own actions. The camps are a great way for children to learn and to have fun.

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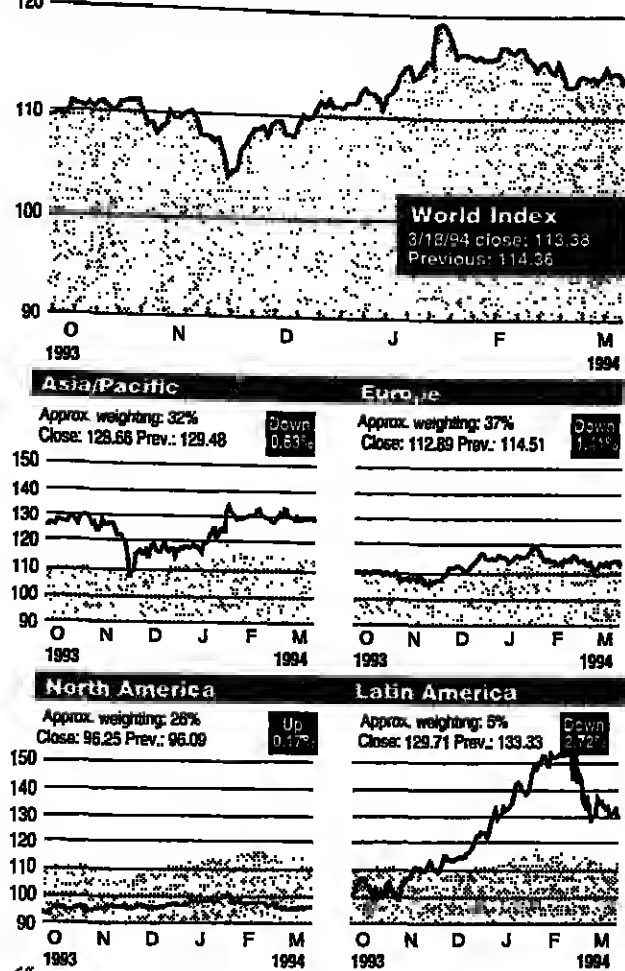
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THE TRIB INDEX: 113.38

International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

Industrial Sectors	1993	1994	% change
Energy	112.81	113.73	-0.81
Utilities	126.71	128.30	-1.59
Finance	116.44	117.44	-0.85
Services	119.77	121.51	-1.73
Capital Goods	114.55	114.94	-0.34
Raw Materials	123.11	123.89	-0.63
Consumer Goods	99.38	99.38	-0.80
Miscellaneous	127.98	129.15	-0.91

For more information about the index, a booklet is available free of charge. Write to: Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

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U.S. Gains In Japan On Chips

But Americans See No Trend Yet

By Andrew Pollack

NEW YORK Times Service

TOKYO — Foreign companies' share of Japan's semiconductor market surged to 20.7 percent, its highest level ever, in the fourth quarter of 1993, it was announced Friday. The development could help defuse another potentially explosive trade dispute with the United States.

But the U.S. government and the American computer chip industry reacted coolly to the news, calling on Japan to take measures to ensure that progress continues.

"We are pleased to see an increase in foreign market share for the fourth quarter," the U.S. trade representative, Mickey Kantor, said. "However, we remain concerned that U.S. and other foreign semiconductor suppliers are not achieving improved access to the Japanese market on a sustained basis."

The fourth-quarter share, announced by the two governments, rose more than expected from the 18.1 percent figure for the third quarter, as calculated by a formula used by the U.S. government. Under the formula used by the Japanese, the foreign share rose to 22.1 percent from 19.7 percent.

For all of 1993, the foreign share averaged 19.4 percent by the American formula, compared to 16.7 percent in 1992. Despite the gain, however, the figure was below the 20 percent average that both Mr. Kantor and the American industry had been seeking.

A 1991 trade agreement between the United States and Japan set a goal, though not a guarantee, that American and other non-Japanese chip makers would win 20 percent of Japan's roughly \$20 billion semiconductor market by the end of 1992, with gradual improvement in market access after that.

The semiconductor accord, which American companies agree has vastly increased their sales in Japan, has become the model for the "results-

oriented" approach to trade negotiations.

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German-U.S. Pact Aloft

Airline Agreement Is Signed in Bonn

By Brandon Mitchener

International Herald Tribune

FRANKFURT — The idea of "open skies" between Europe and the United States came closer to reality Friday after German, British and U.S. officials broadened and extended two code-sharing agreements that are expected to spur competition and inspire new trans-Atlantic alliances.

Transportation Minister Matthias Wissmann of Germany and his U.S. counterpart, Federico F. Peña, signed a memorandum of understanding in Bonn that broadens a code-sharing contract between Deutsche Lufthansa and UAL Corp.'s United Airlines that is to go into effect May 1.

The signing followed six months of negotiations over the accord, which other U.S. airlines had tried to block. It also adds to the pressure on other U.S. and European airlines to enter similar alliances.

Jürgen Weber, chairman of state-controlled Lufthansa, said the accord had given Lufthansa and United "the biggest air network in the world."

It grants the unprofitable Lufthansa, which is in the midst of a major cost-cutting effort, unlimited access to the American market and to other destinations including the Caribbean. Germany hopes the deal will make it easier to sell a majority stake in the carrier to investors this year.

The agreement also gives United and another U.S. carrier the right to share codes on routes within Germany and on to other countries with European partners. Code-sharing allows carriers to sell each other's services on selected routes.

The second U.S. airline wasn't identified, but it was expected to be Northwest Airlines. Northwest is allied with KLM Royal Dutch Airlines and

wants to be able to fly between Germany and the United States via Amsterdam.

Airline industry analysts said the code-sharing agreement with United was the key to Lufthansa's future profitability.

Lufthansa said Thursday it had cut its parent-company pretax loss to 50 million Deutsche marks (\$30 million) in 1993 from 297 million DM in 1992.

Mr. Weber said the deal would mean tens of millions of marks in additional business for the German airline. He called the accord "very satisfactory" for Lufthansa, adding, "We won all necessary points."

The accord allows Lufthansa to make reservations for its passengers through United, which gets similar rights on Lufthansa flights in Germany and eastward.

The agreement came a day after the United States avoided an imminent confrontation with Britain by extending for one year a code-sharing pact between USAir Group and British Airways.

Britain said Friday that the United States now had to make the next move by resuming talks on a new bilateral aviation treaty.

"The U.K. government is committed to an agreement which will give passengers on both sides of the Atlantic the chance to fly new routes to new destinations with greater frequency of service and the prospects of more competition and even keener prices," Transport Minister John MacGregor said.

Britain wants changes in U.S. rules that limit foreign ownership of airlines in the United States so that British Air can increase the 24.6 percent stake it bought in USAir last year and gain greater access to the U.S. market.

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Clinton's Talks With Greenspan Spook Markets

By Keith Bradsher

New York Times Service

WASHINGTON — A presidential summons to the chairman of the Federal Reserve Bank for what the White House described as a routine meeting Friday turned into an embarrassment for both men, as financial markets reacted with alarm to the appearance of administration enmeshment on the central bank's independence.

Bond prices fell sharply after Fed officials announced Friday morning that Alan Greenspan, the Fed chairman, had canceled a planned trip to Houston for a speech because he had been called to the White House. The yield on the bellwether 30-year bond rose to 6.92 percent from 6.83 percent Thursday.

Stocks, after falling early, closed higher in the fourth-heaviest trading day on the New York Stock Exchange. The Dow Jones industrial average rose 30.51 points to 3,895.65. Exchange volume, about 447 million shares, was boosted by the "triple witching" phenomenon, the quarterly expiration of futures and options contracts.

Administration officials went out of their way to describe the White House meeting as nothing out of the ordinary, with Mr. Clinton asking Mr. Greenspan's views on the economy's health but not about interest rates.

"It was a fairly routine meeting between the president and the chairman of the Fed to hear the chairman's views on the economy," said Gene Sperling, a senior official on the president's National Economic Council. "There was neither the intent nor effect of sending or receiving any messages whatsoever."

Mr. Clinton held similar meetings with Mr. Greenspan on Jan. 21 and in early November, but neither of these meetings was publicly announced. The meeting Friday took place with the usual secrecy — Mr. Greenspan came and went through the south entrance of the White

House, out of the view of television cameras — but became public because it was scheduled on short notice and forced Mr. Greenspan to cancel his speech.

The White House and the Fed blamed each other for attracting attention to the meeting. A senior administration official said that last Monday the president had told Robert Rubin, the head of the National Economic Council, to schedule the meeting and that this was done immediately. The same senior official said that Mr. Greenspan never mentioned that the meeting would require him to cancel a trip.

But Joseph Coyne, the chief spokesman at the Fed, said that Mr. Rubin's office had not called Mr. Greenspan until midday on Thursday. Mr. Greenspan did not tell the White House that the meeting would require him to cancel a trip, Mr. Coyne confirmed.

The confusion was even greater Friday because some professional Fed watchers were in Houston for Mr. Greenspan's speech. Paid by brokerages and big institutional bond investors to keep track of the Fed's moves, they were caught flat-footed in the wrong city when Mr. Greenspan did not show up.

"People don't know quite what's up," said Robert Eisner, a former head of the American Economics Association who attended the Houston conference, which was sponsored by the Federal Reserve Bank of Dallas.

Robert D. McTeer Jr., the president of the Dallas Federal Reserve Bank, read aloud at the conference excerpts from Mr. Greenspan's prepared remarks. According to a full text of these remarks supplied by the Fed here, Mr. Greenspan had planned to give a fairly bland review of economic research into low savings rates in the United States.

Financial markets are particularly nervous now because the Fed's interest-rate policy committee is scheduled to meet on Tuesday for

See MARKETS, Page 10

Metal Firm Blames Executives

Bloomberg Business News

FRANKFURT — An audit report released Friday by Metallgesellschaft AG said that the company's former managers had taken greater risks than they should have in oil futures trading, and the company said it would seek damages from the two former managers.

The audit, by accounting firms in Germany and the United States, was commissioned by the Metallgesellschaft supervisory board in December, when the company fired its chief executive, Heinz Schimmelbusch, and chief financial officer, Meinhard Forster.

The metals and mining conglomerate was driven to the brink of bankruptcy by losses totaling 2.3 billion Deutsche marks (\$1.4 billion) in losses on oil futures trading.

Metallgesellschaft said Friday it had asked lawyers to seek damages from the two former managers. The deputy chief executive, Heinrich Goetz, declined to specify the

amount of damages the company would seek.

"We don't want to predict the results of the legal investigation," he said. "We assume that the suit will be submitted sometime in April."

Mr. Schimmelbusch, contacted in London, dismissed the criticism of his performance in the audit report, telling the International Her-

ald Tribune, "My side of the story is not there."

Mr. Schimmelbusch specifically denied the report's assertion that he had received documents in the summer of 1993 showing increasing losses at the company's New York-based unit, MG Corp.

"I never saw those documents," he said, adding that "these studies will have to be studied, and the investigations will have to be investigated." He also said, "all legal instruments available to me will be activated."

Metallgesellschaft had pretax losses totaling 3.3 billion DM in the five quarters ended Dec. 31, 1993, and avoided bankruptcy only through a 3.4 billion DM rescue package organized by creditor banks and major shareholders.

ECONOMIC SCENE

Adam Smith Tackles the Traffic Jam

By Peter Passell

NEW YORK Times Service

LOS ANGELES — With Southern Californians battered by earthquake, fire and recession, it seems cruel to remind them of yet another reason to emigrate to Idaho.

But that's not stopping the Environmental Defense Fund, which has published a new study on road congestion and air pollution in the land of gridders.

Happily, this spinoff may not prove hard to swallow. For while the report by Michael Cameron, an economist, documents the mess that is Southern California's car-dependent transportation system, its conclusions are, at heart, optimistic.

Like many other economists, Mr. Cameron believes that charging for road use according to free market principles would both clean the air and speed traffic.

Unlike others, though, he offers equally compelling evidence that pricing away pollution and congestion need not come at the expense of the poor and marginally middle class. "You could create a system that benefits every income group," Mr. Cameron asserted.

Traffic jams are close relatives to the long lines outside Soviet shops that Americans used to snicker about. When prices are too low to equate supply and demand — whether the commodity is sausage or space on roads — rationing takes place in other, almost always more frustrating, ways. The Russians have figured this out, Californians haven't quite.

By popular reckoning, the two-hour commute is now as much a fixture of life in Southern California as the all-night supermarket and drive-by shooting. In fact, relatively modest efforts to link the price of road

use to its cost in terms of pollution and slower travel could probably make a big difference.

Mr. Cameron estimates that simply adding a charge of 5 cents a mile to the current 37-cent-a-mile average cost of operating a car would reduce both miles driven and emis-

sions in Southern California by one-third. Traffic delays would be reduced by roughly one-fourth.

The use of direct "command and control" regulation (as opposed to indirect financial incentives) is widely seen as more equitable because under regulation, the rich can't buy their way out of sacrifice. After all, a nickel a mile tax — or for that matter, 50 cents a mile — would not reduce the number of Porsches cruising through Beverly Hills on a Saturday afternoon.

And at least as a first take, Mr. Cameron's research reinforces intuition. He estimates that the net benefits of a 5-cent tax in terms of pollution and congestion would be six times greater for those in the top 20 percent of the income pecking order than for those in the

bottom 20 percent. That's largely because the affluent drive more and place a higher value on the time they are stuck in traffic.

However, Mr. Cameron also shows that the distribution could be sharply changed by targeting the use of revenues from anti-congestion or anti-pollution fees. A flat cash rebate per person, for example, would leave low-income families far better off because they drive much less than average.

Using the funds to reduce mass transit fares would have less of an effect on the bottom fifth since most would remain dependent on cars for commuting. But the relative few who do use mass transit regularly — and who are probably the poorest of California's working poor — would get a giant boost.

Tom Graff, senior attorney for the Environmental Defense Fund, does not believe this research will eliminate resistance to market-based regulation in the traffic and smog-choked region. "This is a step in a long campaign," he said.

But he does think it will begin the process of altering the political equation in which "representatives of the middle-class block user charges on behalf of the poor."

One way or another, change must come. Kenneth Small, an economist at the University of California at Irvine, observes that traffic congestion is ultimately self-limiting: People and businesses spread out sufficiently in pre-vent terminal gridlock.

Mr. Small expects a period of "fitful starts and demonstrations" of market-based traffic control, and perhaps growing acceptance as the lesser of evils.

Mr. Graff agrees. "The politics may not yet be ripe" for pollution solutions that require out-of-pocket expenses, he concedes. "But they're ripening."

A Move to Dump Milken

The Associated Press

SAN FRANCISCO — The University of California regents are looking for a way to get the university system out of a contract with Michael R. Milken, the securities fraud felon who built the junk-bond market.

The regents have asked administrators to see what they can do to sever a deal that has been lampooned in the "Doonesbury" comic strip and the subject of complaints that it sullies the university's reputation.

The agreement allows Mr. Milken's enterprise, Educational Entertainment Network, to market videos of classes he taught last fall at the Anderson Graduate School of Management at the University of California at Los Angeles. It allows Mr. Milken to keep 95 percent of the profit, with 5 percent going to the university. It also allows him to use the university's logo.

Mr. Milken, one of the most powerful financiers of the high-flying 1980s corporate takeover era, served nearly two years in prison after he pleaded guilty to six securities law violations.

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MARKET DIARY

White House Talks Fuel Rise of Dollar

Compiled by Our Staff From Dispatches

NEW YORK—The dollar rose against the Deutsche mark on Friday after a meeting between President Bill Clinton and the Fed chairman, Alan Greenspan, sparked rumors of an impending rise in interest rates.

The dollar closed at 1.6968 DM, up from Thursday's close of 1.6883 DM. The dollar was also ahead against other major currencies.

The U.S. currency had traded as high as 1.6985 DM earlier Friday.

Foreign Exchange

As the market was swept by the rumor that Mr. Clinton was attempting to sell the Fed chairman on his belief that interest rates need not rise further, a White House aide later announced that the two men had not discussed rates.

"Great timing," said one trader, commenting on the fact that the White House meeting was called directly ahead of a meeting Tuesday of the Federal Open Market Committee, which decides interest-rate policy.

Another rumor, that American warships had been placed on alert off North Korea, further roiled the market. When that rumor was denied by the White House, the dollar lost some of its gains.

Dealers said that the dollar's fall-

ure to break through 1.70 DM indicated that there was still downside pressure on the U.S. currency that will be lifted only once the Bundesbank moves more aggressively to cut German interest rates.

"There was substantial psychological resistance at about 1.70 marks, which the dollar couldn't overcome," said Richard Pontius, vice president of Standard Chartered.

The dollar moved up against the yen as well, although trading moved even slower with Japanese markets to be shut Monday in observance of a national holiday.

The dollar closed at 106.12 yen, up from 105.73 on Thursday. Against other currencies, the dollar rose to 1.4415 Swiss francs from 1.4385 Wednesday, and to 5.781 French francs from 5.7533. The pound fell to \$1.4905 from \$1.4939.

The Clinton-Greenspan meeting also affected the precious metals markets.

April gold jumped \$4.60 to \$387.60 an ounce on the Commodity Exchange, while May silver rose 6 cents to \$5.437 an ounce.

"Gold always does well when the market panics," said a trader with Mess Pierson Derivatives in London. (Reuters, AFX, Knight-Ridder, Bloomberg)

MARKETS: Ructions Over Rates

Continued from Page 9

the first time since Feb. 4. At that meeting, top Fed officials voted to raise by a quarter of a percentage point the interest rates that banks charge each other for overnight loans.

Many Wall Street economists had already expected the Fed to

age was buoyed by gains in Alcoa, up 1 1/2 to 77, Boeing Co., up 1 1/4 to 47, and General Electric Co., which closed at 104 1/4.

Northwest Airlines closed unchanged at 13 in its first day of over-the-counter trading. The airline raised \$260 million in its initial public offering, 35 percent less than the company planned.

20th Century Industries slumped 3 1/2 to 21 1/2 as the insurer said it expected to take a charge of \$3.15 a share for claims arising from the Los Angeles earthquake two months ago.

U.S. Stocks

raise interest rates further on Tuesday. The flap on Friday persuaded some of them that higher rates were even more likely now, to avoid the public impression that the Fed had yielded to pressure from the White House.

Late Burst Buoy Stocks

Stocks closed higher as a late burst of computer-driven buy orders tied to the triple witching expiration offset concerns about interest rates raised by the Clinton-Greenspan meeting. Bloomberg Business News reported from New York.

Trading was extremely heavy as investors unwound equity positions tied to March's expiration of individual stock options, stock index options and index futures contracts. The total of 446.4 million shares traded was the highest total since Oct. 21, 1987.

The Dow Jones industrial aver-

Via Associated Press March 18

The Dow

Daily closings of the Dow Jones Industrial average

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Dow Jones Averages

Open High Low Last Chg.

Indus 3045.22 3045.22 3045.22 3045.22 -0.51

Trans 1743.74 1743.74 1743.74 1743.74 -1.27

Comp 1304.14 1304.14 1304.14 1304.14 -1.29

Standard & Poor's Indexes

High Low Close Chg.

Industrials 523.24 523.24 523.24 523.24 -1.20

Transp. 161.77 161.77 161.77 161.77 -1.27

Utilities 101.77 101.77 101.77 101.77 -1.27

Finance 43.77 43.77 43.77 43.77 -1.27

SP 100 434.77 434.77 434.77 434.77 -1.27

NYSE Indexes

High Low Last Chg.

Composite 261.34 261.34 261.34 261.34 -0.24

Industrials 261.34 261.34 261.34 261.34 -0.24

Transp. 261.34 261.34 261.34 261.34 -0.24

Utilities 261.34 261.34 261.34 261.34 -0.24

Finance 261.34 261.34 261.34 261.34 -0.24

NYSE Most Actives

Vol. High Low Last Chg.

Walt Disney 2275 27 1/4 26 3/4 -1/4

Microsoft 2100 27 1/4 26 3/4 -1/4

Amazon 2000 27 1/4 26 3/4 -1/4

Cisco 1800 27 1/4 26 3/4 -1/4

Oracle 1700 27 1/4 26 3/4 -1/4

Sun 1600 27 1/4 26 3/4 -1/4

IBM 1500 27 1/4 26 3/4 -1/4

HP 1400 27 1/4 26 3/4 -1/4

NVIDIA 1300 27 1/4 26 3/4 -1/4

Intel 1200 27 1/4 26 3/4 -1/4

Motorola 1100 27 1/4 26 3/4 -1/4

Texas Instruments 1000 27 1/4 26 3/4 -1/4

Qualcomm 900 27 1/4 26 3/4 -1/4

Micron 800 27 1/4 26 3/4 -1/4

VLSI 700 27 1/4 26 3/4 -1/4

AMD 600 27 1/4 26 3/4 -1/4

NORTEL 500 27 1/4 26 3/4 -1/4

NORTEL 400 27 1/4 26 3/4 -1/4

NORTEL 300 27 1/4 26 3/4 -1/4

NORTEL 200 27 1/4 26 3/4 -1/4

NORTEL 100 27 1/4 26 3/4 -1/4

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NORTEL 12 27 1/4 26 3/4 -1/4

NORTEL 6 27 1/4 26 3/4 -1/4

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NORTEL 1 27 1/4 26 3/4 -1/4

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EUROPEAN FUTURES

Metals

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12-MONTH

S./AT THE CLO

ern on Derivatives

The president of the Federal Reserve Bank of New York, Alan Greenspan, said that the rapid growth of the derivatives market is a cause for concern.

At a meeting of the International Chamber of Commerce, Greenspan said that the derivatives market is growing too fast and that it is a cause for concern.

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Cost Cuts, U.S. Recovery Brighten Bayer's Outlook

REUTERS
LEVERKUSEN, Germany — The German chemicals giant, Bayer AG, said Friday that business was showing marked expansion after a four-year slide, and that it aimed for 15 to 20 percent growth in 1994 profit.
"The start of the 1994 business year was thoroughly encouraging," said the chairman, Manfred Schneider.
Profit in the first few months of this year showed significant improvement due to cost-cutting measures, Bayer said.
Group sales grew in January and February, buoyed by the U.S. recovery, although sales in Germany continued to fall.
The company spent 550 million Deutsche marks (\$325 million) last year modernizing its business, and says that the economies from its

Thyssen Rejects Quitting Steel

Compiled by Our Staff From Dispatches
DUSSELDORF — Thyssen AG's management rejected a proposal at its annual stockholders meeting Friday that the company reorganize its involvement in steel.
The chief executive, Heinz Kriwet, said high returns from the steel business in the late 1980s had helped Thyssen sharply increase investment in its capital-goods and trading activities.
That situation may return, he said, once the steelmaking unit Thyssen Stahl AG has completed a

Crédit Lyonnais Loss Is Said to Be Huge

Compiled by Our Staff From Dispatches
PARIS — Crédit Lyonnais declined to comment Friday on a magazine report that it would understate its net loss by a factor of five for 1993.
The report says that the annual loss actually totals 26 billion francs (\$4.2 billion).
According to the weekly Le Nouvel Economiste, the state-controlled Crédit Lyonnais, France's

Hi-Tech Highway To Jobs Growth

By Brandon Mitcheener
International Herald Tribune
HANNOVER, Germany — The information highway, its advocates assert, is the key not only to video on demand but also to a country's international competitiveness and jobs for the people who build and supply it.
When it enters full service, it will carry an endless caravan of images, sounds and digitized data, they say.
But what does the information highway look like? In Hall 3, booth D33 at the CeBIT technology fair under way here, the fast lane is a black metal box with blinking lights that stands about as tall as a hotel-room fridge.
Despite its inauspicious appearance, the little machine, a parallel-processing computer called an oCUBE, plays back digital video clips from three current films and a Whitney Houston concert simultaneously. It is capable of handling hundreds more.

Similar machines may someday give instant, affordable access to vast libraries of information, multimedia enthusiasts say.
In the meantime, the oCUBE and other hardware on display at the world's largest computer and telecommunications convention here are, as forerunners of new technology, acting as catalysts for the creation of new work.

Peter Wüsten, managing director of oCUBE Europe, a unit of the black box's California-based manufacturer, said the biggest money to be made on the information highway will be in the end-user hardware, which is dominated by the United States and Japan, but in the software, cable and computer companies that control access.
British Telecom PLC, which recently chose oCUBE ma-

Mirror Bid For Paper Is Cleared

The Associated Press
LONDON — Mirror Group Newspapers PLC won a Fleet Street takeover battle Friday, gaining control of The Independent, a troubled newspaper badly wounded in a price war.
The bid from a consortium led by Mirror Group cleared its last hurdle when the government said that the Monopolies and Mergers Commission would not review the deal.
Journalists at The Independent, worried that Mirror Group would interfere in their editorial policies, had argued for an inquiry.
It remains unclear how Mirror Group will deal with the Irish magnate Tony O'Reilly, a rival bidder who won clearance Friday to increase his stake in the company to 29.99 percent.

It's just a minority shareholder, said a spokesman for the winning bidder, who says he will keep Mr. O'Reilly out of the boardroom. "He can squeal and shout all he wants, but that's all he is."
Mirror Group, run by Robert Maxwell before his mysterious death in 1991, teamed up with two newspaper partners, El Pais of Spain and La Repubblica of Italy, and The Independent's founding editor, Andreas Whitman Smith.
The consortium recently accumulated a stake of 62 percent in The Independent's parent company, Newspaper Publishing PLC, outmaneuvering Mr. O'Reilly.

Commerzbank Buys Into Comit

Bloomberg Business News
FRANKFURT — Commerzbank AG said Friday it had bought 3 percent of the Milan-based Banca Commerciale Italiana.
Commerzbank said it bought the stake from the Italian government as part of its program of selling off state assets. Terms of the acquisition were not disclosed.
"We see it as a strategic participation," a Commerzbank spokesman, Christian Franck, said. "BCI was interested in having a few core shareholders. That fits with our plans too."

Investor's Europe			
Frankfurt	London	Paris	
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Very briefly:

• Iberia SA said it and a group of banks would increase their stake in Aerolineas Argentinas to 85 percent; under the agreement, the Spanish carrier will subscribe to a capital increase while it and the banks will convert to equity \$400 million in loans to the Argentine airline.
• Club Méditerranée SA, the French tourism operator, said its sales for the first quarter ended Jan. 31 rose to 1.87 billion francs (\$327 million), up 2.9 percent from a year ago. Its U.S. subsidiary, Club Med Inc., reported net income for the quarter of \$11.7 million, up 6.3 percent.
• Nestlé SA said it would offer 1,578 lire (95 cents) a share for the remaining 38 percent of the Italian frozen foods group Italgal SpA.
• Gillette Co., the U.S.-based shaving products manufacturer, said that it would close a factory near Seville, Spain, cutting 246 jobs.

Castorama Profit Up 28%

Bloomberg Business News
PARIS — Net profit at Castorama, the French furnishings and do-it-yourself chain, swelled another 28 percent in 1993, staying in line with an average annual gain of 27 percent over the past four years.
Castorama Dubois Investments SCA, the leading do-it-yourself chain in Europe, on Friday reported a 1993 net profit of 375 million francs (\$64.6 million), compared with 292.1 million francs, up 10.5 percent, this year.
Analysts said Castorama's success proved that the do-it-yourself industry was virtually recession-proof because homeowners wanted to make their own improvements rather than pay high-priced professionals.
Sales rose 11.7 percent to 13.48 billion francs, from 12.31 billion in 1992. The company said it expected sales of more than 15 billion francs, up 10.5 percent, this year.

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Asian Markets Tumble Amid Fear Over Rates

Compiled by Our Staff From Dispatches

HONG KONG — Hong Kong shares fell 4 percent Friday as institutional investors continued to quit the market amid persistent concerns over interest rates, traders said.

The Hang Seng index of 33 leading stocks closed down 380.82 points at 9,132.31, taking its losses for the week to about 773 points, or 7.8 percent.

Investors have been unloading Hong Kong stocks since the U.S. Federal Reserve Board pushed up interest rates on Feb. 4, said Paul Tagg, managing director of Matheson PFC Ltd. Higher rates on bonds, especially in the huge U.S. market, make stocks relatively less attractive to investors.

The U.S. central bank's move reminded investors they should return to focusing on fundamentals such as earnings growth rather than simply chasing yield, Mr. Tagg said. Investors sold Hong Kong shares because they realized the stocks were priced higher than fundamentals warranted, he said.

Eddie Kwok, manager at Nikko Securities, said some unit trusts, or mutual funds, were having to sell Hong Kong stocks because their clients were redeeming their holdings.

"It's a self-fulfilling prophecy," said Tony Smith, research director at SBCI Finance Asia. Investors were trading for short-term profits, he said. "They think it's going to go lower and they can buy the shares back cheaper tomorrow," he said.

Tokyo's Nikkei 225 average fell 112.71 points, or 0.60 percent, to end at 20,469.45.

Other Asian markets also ended the day down. Singapore fell 2.3 percent and Kuala Lumpur and both Manila indices dropped, with brokers saying they were influenced by the fall in the Hang Seng.

Singapore's 30-share Straits Times Industrial index fell 49.63 points to 2,104.02 because of what brokers said was widespread foreign and local selling sparked by the sharp falls in Hong Kong. The Kuala Lumpur index fell 20.14 points to 1,007.60 in this trading.

The Manila Stock Exchange closed at 2,657.98 from an opening of 2,713.31 while Makati skidded to end at 2,652.81 from 2,708.04.

"The market was spooked by Hong Kong's very steep decline," said Louie Bate of Baring Securities Inc. in Manila. "This prompted short-term players to abandon the market for now."

(Bloomberg, Reuters)

MIM Is Getting Back on Track Miner's Stock Rises as It Unwinds Diversification

By Michael Richardson

MELBOURNE — MIM Holdings Ltd., one of the largest zinc miners in the world and the eighth biggest copper producer, has not been a sparkling financial performer of late. With two of its main markets, Japan and Western Europe, deep in recession and its operations weighed down by high costs and unprofitable investments, including an extensive involvement with Metallgesellschaft AG in Germany, MIM reported a net loss of 18.5 million Australian dollars (\$13 million) for the six months ended Dec. 31.

Yet the company's share price has been buoyant in the past few months. The stock closed at 3.17 dollars Friday, down 3 cents on the day but up almost 66 percent since last Oct. 1, 1993.

Analysts say investors expect a resurgence in prices for copper, zinc, lead and other industrial base metals over the next few years as economic recovery spreads from the United States to Europe and Japan while strong growth continues elsewhere in Asia.

An upward trend in copper is already evident. The price has risen more than 20 percent since November, which translates into an increase of more than 52 million dollars in MIM's annual profit. At around 93 U.S. cents a pound, though, copper is still well below its peak of around \$1.50 in 1987-88.

Investors also seem to be impressed with MIM's program to reduce costs, dispose of noncore assets and develop mines in Australia and Argentina that could double its production of copper, zinc and gold by the end of the decade.

"We are looking to focus our operations on what we see as our core business in mining and mineral processing," Norman C. Fussell, MIM's managing director and chief executive, said in a recent interview.

To reduce debt and build capital to pay for expansion, the company agreed last month to sell a 13.85 percent stake in the Canadian mining house Cominco Ltd. for 215 million dollars. In January, MIM signed deals to sell

The aim was to reduce the company's reliance on its giant copper, zinc, lead and silver mines centered on Mount Isa in the Australian state of Queensland. But most of the investments produced losses or poor returns.

Chris Bain, senior research manager for resources at ANZ McLaughlin Securities Ltd., said MIM was right to build on its strengths in mining and mineral processing.

But, he said, for the company to remain a leading global player it would have to strengthen its presence in Asia by establishing zinc and copper smelters in addition to those it controls in Australia and Europe.

MIM and its joint-venture partner, International Muso Explorations Ltd. of Canada, signed an agreement in January to spend \$600 million to develop a gold and copper deposit at Bajo de la Alumbrera in Catamarca Province in Argentina, about 1,000 kilometers (625 miles) northwest of Buenos Aires. Production is expected to start in 1997.

"It's a world-class deposit, and they paid a bargain price to get it," said John MacKinlay, a base metals analyst at McIntosh Baring Ltd.

Many analysts expect MIM to sell its 3.5 percent stake in Metallgesellschaft if it attempts to restructure the German group raise its stock price.

But disposal of a holding of almost 25 percent in the American silver, copper, lead and zinc producer Asarco Inc. is unlikely to occur quickly, especially if MIM returns to strong profitability. Asarco, which has historical ties to MIM, holds 13.1 percent of the company's equity.

Investors expect a resurgence in prices for base metals as economic recovery spreads.

minority holdings in two other mining companies, Renison Goldfields Consolidated Ltd. of Australia and Granges Inc. of Canada, for 96 million dollars.

The financial crisis at Metallgesellschaft has "certainly accelerated MIM's desire to reduce its passive investments and increase its operational control," Glenister Lamont, senior resources analyst at Potter Warburg Securities Ltd., said.

MIM diversified in the 1980s by making passive investments in North American mining companies, buying coal mines in Australia and entering the zinc and copper smelting business in Europe, mainly with units of Metallgesellschaft.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
9132.31	2104.02	20469.45
Change: -380.82	Change: -49.63	Change: -112.71
1993	1993	1993
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2025	2025	2025
2026	2026	2026
2027	2027	2027
2028	2028	2028
2029	2029	2029
2030	2030	2030

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

- NEC Corp. and Hewlett-Packard Co. will jointly develop compact, low-priced ink-jet color printers, a spokesman for NEC said.
- Asahi Mutual Life Insurance Co. said it planned to cut its work force by 7 percent, or 650 people, in the next three years.
- Kankaku Securities Co. was ordered by the Japanese government to suspend its transactions with corporations for two weeks starting next Friday; officials said the brokerage had resold securities on which major customers were showing losses with promises to repurchase them from the new buyers at higher prices, an illegal practice that helps clients avoid reporting losses on their accounts.
- Jardine International Motor Holdings Ltd., a unit of Jardine Matheson Holdings Ltd., said its 1993 net profit rose 23 percent to \$73.2 million, as its European and Australian businesses staged a recovery.
- The Singapore International Monetary Exchange said it had obtained licensing rights to trade futures and options on the new Nikkei 300 stock index; the Simex said it would continue to list the Nikkei 225 stock index contract.
- Neptune Orient Lines Ltd. said its 1993 group pretax profit rose 160 percent, to \$5.6 million Singapore dollars (\$60 million).
- DuPont Co. opened its first office in Vietnam, where it hopes to develop its business in the insecticide, construction and textile sectors.
- Taiwan is to cut tariffs on 74 items by as much as 50 percent at the end of March, in line with demands from the United States, a customs official said.

AFP, AP, Knight-Ridder

CHIPS: Japan Meets a Target

Continued from Page 9

oriented" approach that Washington took in the recent negotiations under the new trade framework between the two nations.

But Japan, saying it had a bad experience with the semiconductor accord, refused to agree to any more numerical trade targets. A deadlock on that issue led to the collapse last month of the talks on automobiles, insurance, medical equipment and telecommunications.

Since then, the Clinton administration has been pressuring Japan to yield to U.S. demands. Japan's concessions last week in a cellular telephone trade dispute, combined with the sharp rise in semiconductor market share, could reinforce the administration's belief that pressure on Japan works.

One reason for the muted response to the new figures by the American side is that it has been disappointed before. In the fourth quarter of 1992, foreign share rose

by more than 4 percent and inched above 20 percent, just in time to meet the deadline. An overconfident American industry proclaimed that market access problems were virtually solved and a new era had begun.

But in the first three quarters of 1993, the market share dropped steadily.

"Our hopes for sustained progress in opening the Japanese market were dashed last year by the sharp decline in foreign share in the next three quarters," said Andrew Proccassini, president of the Semiconductor Industry Association.

He said on Friday that Japan should not become "complacent" again, and he called for foreign-market share to grow in 1994 by the same rate it did in 1993, which was 2.7 percent higher than in 1992.

Japan says it sees no need for a new market-opening measures because the agreement is already working.

Compiled by Our Staff From Dispatches

TOKYO — Honda Motor Co. said Friday it would adopt a new personnel policy that threatens unproductive managers with demotion and pay cuts, a move analysts said is part of a broader whitening away of Japan's lifetime employment system.

"Japanese carmakers must grasp the nettle of employment reform and Honda is starting to do so," said Andrew Blair-Smith, an analyst with Barclays de Zoete Wedd Securities.

Nihon Keizai Shimbun, Japan's leading financial newspaper, said the program would have a "great impact" on other industries.

Under the Honda program, managers who fail to win promotion within eight to 12 years will be demoted and their salaries cut by as much as 30 percent, a company spokesman said. The program will affect about 4,500 of the company's 43,000 employees.

The carmaker will also improve incentives for employees deciding to take early retirement.

Honda's move echoes changes at other car companies that, faced with weak demand and overcapacity, are struggling to cut costs, improve management flexibility and link paychecks more to performance and less to seniority alone.

Previously, Honda has cut production hours at some plants and shifted workers to sales outlets. The company also has introduced performance-based bonuses for its managers.

In other news involving Japanese automakers, Toyota Motor Corp. and Nissan Motor Co. both said Friday that their domestic sales, as well as their exports, fell in February from the levels a year before.

They said the drops were a result of recession and stiffer global price competition stemming from a higher yen.

Toyota's domestic sales of motor

vehicles dropped 9.5 percent to 163,267 units, giving the company a 31.4 percent share of Japan's market. Its exports were down 11.6 percent to 124,919 units.

Nissan's sales in Japan fell 14.9 percent to 142,965 units. Its exports slumped 30.1 percent to 45,070.

(Reuters, AP, AFP)

Low Wage Rises Forecast

Wage increases decided in this year's spring wage negotiations, known as *shunto*, are likely to be the lowest ever, Reuters reported from Tokyo, citing economists' forecasts.

Private economic institutes predict an average wage increase of less than 3 percent for the year starting April 1, the lowest on record. The average last year was 3.89 percent. Management negotiators in many industries will present their first offers next Thursday.

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PETER R WENBAN & ASSOCIATES

LVMH MOËT HENNESSY · LOUIS VUITTON

1993 NET INCOME OF 3,574 MILLION

Consolidated LVMH Moët Hennessy Louis Vuitton net income for 1993 amounted to FF 3,574 million, up 19 % from the 1992 level. This figure includes non-recurring income of FF 602 million, primarily reflecting capital gains on the disposal of RoC. Excluding non-recurring items, consolidated net income totalled FF 2,972 million, basically unchanged from the comparable 1992 level.

Consolidated sales in 1993 totalled FF 23,819 million, an increase of 10 % over the prior year. Income from operations rose by 2 % to FF 5,614 million.

Major Consolidated Highlights

In FF millions	1992	1993
• Sales	21,658	23,819
• Income from operations	5,486	5,614
• Net income, Group share, excluding non-recurring items	3,007	2,972
Net income, Group share	3,007	3,574

Following a difficult first half, the recovery in a number of geographical markets important to LVMH, which generates 85 % of its sales outside of France, had a very favorable impact on the Group's sales in the third and particularly fourth quarters of 1993. The strong growth in sales recorded in late 1993 continued in January and February 1994. In the first two months of the year, consolidated sales grew by 28 % over the comparable 1993 period.

The major trends by segment of activity in 1993 were as follows:

Consolidated Highlights by Segment

In FF millions	Sales		Income from operations	
	1992	1993	1992	1993
• Champagne and wines	5,245	5,444	780	776
• Cognac and spirits	5,553	5,846	2,286	1,910
• Luggage and leather goods	4,700	5,665	1,869	2,318
• Perfumes and beauty products	5,487	6,128	809	852
• Other	673	736	-258	-242
LVMH	21,658	23,819	5,486	5,614

Champagne and wines: (Moët & Chandon, Veuve Clicquot, Pommery, Ruinart, Mercier, Canard-Duchêne) In a highly competitive environment resulting in strong pressure on prices, LVMH's champagne and wines segment recorded a 7 % increase in sales volume in 1993. This increase, particularly notable in the fourth quarter of the year, compensated the higher cost of inventories and thereby enabled the segment to preserve its profitability.

Cognac and spirits: (Hennessy, Hine, F.O.V.) In the cognac and spirits segment, the rapid increase in sales to China was not sufficient to offset lower consumption in Japan which, combined with higher raw materials (eaux-de-vie) prices and important marketing efforts, resulted in a decrease in income from operations.

Luggage and leather goods: (Louis Vuitton, Loewe, Berluti) The luggage and leather goods segment experienced growth in all of its markets, reflecting the extension of existing lines, the launch of a new Louis Vuitton line for men (Taiga), and the expansion of the retail network. Income from operations increased by 24 %.

Perfumes and beauty products: (Christian Dior, Givenchy, Christian Lacroix, Kenzo) In a worldwide market characterized by marginal growth in 1993, the Group's perfumes and beauty products activities recorded significant increases in sales and market share. This stems in particular from the segment's active program of product launches, including new skincare products at Parfums Christian Dior (Dior Svelte and Capture Lift) and a new cologne for men at Parfums Givenchy (Inseos). However, the costs associated with these new launches together with higher advertising and promotional expenditures have slightly hindered the growth in income from operations. In addition, Kenzo perfumes, which recorded a 42 % increase in sales in 1993, will not be fully consolidated until 1994.

Guinness PLC recorded a 17 % drop in net income in 1993, while its income from operations rose by 4 %.

Financial expenses rose by 4 % in 1993; this reflects costs associated with the restructuring of LVMH's debt which will enable the Group to fully benefit from lower interest rates in 1994. Excluding these costs, financial expenses would have decreased by 6 % last year.

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chg
12	12	12	AA					12	12	12	
12	12	12	AB					12	12	12	
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12	12	12	AG					12	12	12	
12	12	12	AH					12	12	12	
12	12	12	AI					12	12	12	
12	12	12	AJ					12	12	12	
12	12	12	AK					12	12	12	
12	12	12	AL					12	12	12	
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12	12	12	AN					12	12	12	
12	12	12	AO					12	12	12	
12	12	12	AP					12	12	12	
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12	12	12	AS					12	12	12	
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12	12	12	AU					12	12	12	
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12	12	12	AX					12	12	12	
12	12	12	AY					12	12	12	
12	12	12	AZ					12	12	12	
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12	12	12	BX					12	12	12	
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FIRST COLUMN

Managerial Personality Problems

Is investing in shares a good thing? The results of looking at the investment performance of any major market over the past twenty (or thirty, or forty) years reveal that this is an easy question to answer. And that answer is a resounding, if qualified, yes.

The caveats are that risk should be spread, and that the investment should be made over a long period. All major markets have outstripped the enemy of personal saving — inflation — in the second half of this century.

Of course, as soon as there is talk of diversification of risk and a long-term holding, the next phrase on our lips has to be "mutual fund." For mutual funds offer access to a variety of markets through an easily understood medium, and even their marketing literature underlines their nature as an investment for the long term.

So why is the world's fund industry running the risk of getting itself a bad name? There are two reasons. One is the industry's own fault, the other is not.

Perhaps the biggest flaw in the way mutual fund groups deal with the investing public today is their lack of communication. Many fund management firms, especially the U.S. groups, like to emphasize the cult of personality. The public reads promotional material that tells them a fund is being managed by a star, and they buy. What they buy, of course, is not so much the fund, but the star. But what happens when the star's performance fades a little? Or when the star is lured away to shine in another group's galaxy? Very little, is the answer.

It would be unreasonable to expect fund groups to trumpet poor performances from trusted managers, or to point out that key employees have been lured away. But if investors are brought in on the cult of the personality, they should at least get a full statement of the investment manifesto when the manager changes. This is not always done. It should be.

The undeserved opprobrium for fund managers is the fault of the regulators. Managers often look bad because of strange local regulations which are either too strict, or too lax, and often unsuited to the increasingly international nature of fund investment.

M.B.

Casting an Eye on Funds' Liquidity

By Conrad de Aenlle

ONE long-serving indicator of American stock market sentiment — and hence direction — has turned murky in the last few years. Mutual fund liquidity, measured by the percentage of fund assets that managers keep in cash, is supposed to dry up before the market falls and increase to extremes before an advance. But in the last two significant declines, in 1987 and 1990, cash levels stayed high and the indicator did not provide the warning it should have. Since 1990, its record has remained spotty.

The liquid assets ratio stood at 8.3 percent in January, the most recent month for which the Investment Company Institute had compiled figures. That's up from 8 percent in December and about the same level as in the spring of 1991, when the Dow Jones industrial average was below 3,000, almost 1,000 points away from what so far is its all-time high, set several weeks ago. Since then it has hovered between 7.2 and 9.6, historically quite ordinary numbers.

The last extreme — and useful — reading came at the bear market bottom in the fall of 1990, when the ratio hit 12.9 percent, the highest ever recorded in the 30-plus years that the ICI has kept track of it. During the 1960s and 1970s, by contrast, readings in the 4- and 5-percent range were routine.

There are several opposing forces in today's fund market that tend to herd the liquid assets ratio toward the middle.

"We know there's a larger percentage of retirement funds reflected in the data," Betty Hart, ICI's chief spokesman, pointed out. "At least a third of the accounts, perhaps 40 percent, are retirement assets. That money is by definition longer term, and it is our belief that people just don't move that money with the same rapidity as they might shift assets that are out in retirement funds."

That allows fund managers to be more daring and keep less of their assets in reserve as cash. On the other hand, Mrs. Hart remarked, much of the money in customers' ordinary accounts is treated much differently.

"When the liquid assets ratio was created, first, shareholders couldn't switch in and out of funds like they can today," she said. With assets more mobile, managers have to hang on to more of it in cash.

She noted, too, that there is a far greater variety of equity funds now, and so "individual indicators probably lack the predictability that analysts thought they had in the past."

Fund switching is only one of the new complexities of the fund business that, with faster-

moving markets, force managers to seek more room to maneuver, meaning more cash.

"I think there's so much variance; a fund manager is put in the difficult position of trying not only to forecast the market, but to forecast how his shareholders are going to react to what happens in the market," said Bill McBride, international editor at Lipper Analytical Services. "He faces problems in big moves. When the market moves up, the problem is investing cash and finding good investment ideas; that's been increasingly hard. When the market's down, it's a matter of jettisoning positions that one thought were good, then of redeeming shares."

Managers of funds sold through brokers have an easier time of it, he added, because shareholders tend to keep their investments nearly twice as long as those in direct-marketed funds. Likewise, some funds have a core of stable institutional shareholders and so may need to keep less cash.

Two other recent developments complicate matters, but they help to push cash levels lower. One is the widespread use of derivatives. A fund manager who would otherwise raise cash to take a more defensive posture will instead sell stock index futures contracts or buy put options. What has also changed is the demand of many shareholders that their fund managers stay fully invested and not miss the slightest market advance.

John Ballen, head of equity portfolio management at Massachusetts Financial Services, said such demands would never influence managers at his company.

"We manage the funds in the best interests of shareholders," he declared. "If people don't like the management of any particular fund, they're free to sell the securities. They shouldn't and don't impact portfolio managers' performance."

But he added that the philosophy at Massachusetts Financial is to remain close to fully invested whenever practical.

"We make the assumption that investors want to be invested in the type of fund they're in," he said. "If you knew the Great Depression crash was coming up, sure you'd do something about it, but there isn't one fund that's employed a successful cash strategy that I'm aware of. If you look at those few managers who raised cash before the crash of '87, they've had poor performances over time."

"It's a positive-bias game, the stock market. You've got to be much smarter than most to call the turns, and most managers have proven quite average."

Barish sorts say such thinking prevails around market tops and that is why the liquid assets ratio works. They explain away the relatively high ratios during a time in which many other sell signals are flashing by pointing to the

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unprecedented and persistent flow of money into funds over the last several years.

"Mutual fund managers always say it's just a matter of money coming in and they haven't been able to put it into the market," said Bernadette Murphy, a technical analyst at M. Kimmelman & Co. "They always say that, but it's still the case that when cash levels are low, the market tends to fall and when they're high, it tends to rise. Whatever the cause, it still works as an indicator."

Not perfectly, though. She conceded that it is "probably better at calling bottoms. Cash can stay at relatively low levels for a long time." Despite the changes over the decades, bottoms usually look like bottoms, with the liquid assets ratio climbing to 11 or 12 percent.

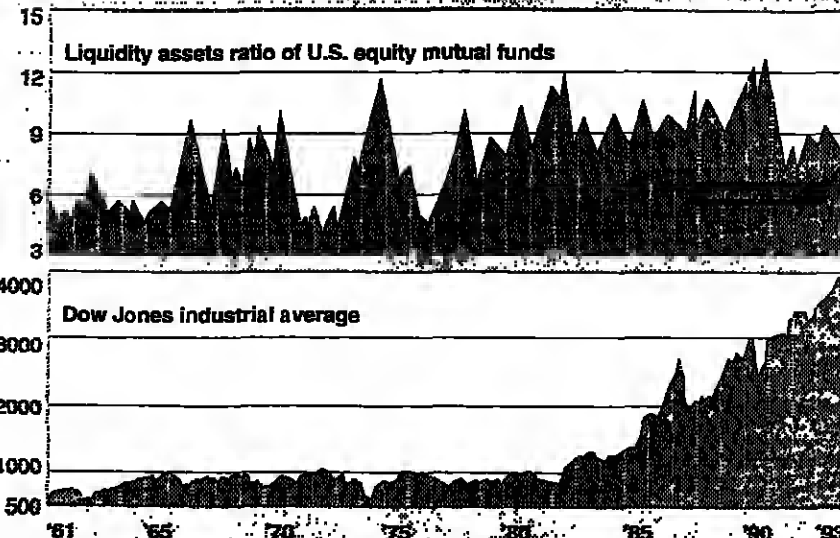
But the low-water mark has crept higher; even if optimists take courage by noting that 8 percent historically has not been a worrisome level, others say that history is not what it used to be.

"In recent years, the low point was 7.75 to 8 percent," Mrs. Murphy said, "so it means we're at the lower end of the range of cash to assets since the early '80s." While she said she finds that to be "not alarming, I would be more comfortable if there was more cash in the bond funds." Although the liquid assets ratio has been applied almost exclusively to equity funds as an indicator for the stock market, which has held near 1 percent for several months, it is extremely low.

Mr. McBride, too, is getting a bit anxious. He noted that "funds tend to have more cash at the end of the year. The managers are rethinking their portfolios, especially after a good year. The inclination is to say, 'I'm not going to find value here, I'm not going to move quickly here to get that money invested.'" But that hasn't happened. "I don't see a huge, inordinate amount of cash in the funds for the situation we're in now, this time of year, where the market is," he said. "That doesn't speak well for the market."

The Money Report is edited by
Martin Baker

Charting Mutual Fund Cash Levels



Sources: Datastream, Investment Company Institute

International Herald Tribune

Income Funds Thrived On the Slump in Rates

By Rupert Bruce

PERHAPS the biggest single cause of the great inflow of small investors' money to the mutual fund universe has been the decline in interest rates in the United States and, latterly, in Europe. Equity income funds — which are meant to provide an income — seemed the natural alternative to many investors. But, paradoxically enough, they have given a better total return during the last three years than equity growth funds — which are meant to provide the best growth in capital.

But John Bockmann, senior investment manager at M&G Group in London, regards this as far from strange. He says it is natural for high-yielding equities to do relatively well at the beginning of an economic cycle. "They outperform at the beginning of the cycle; they then go into a period of limbo; and then start to underperform at the end," he says.

Richard Mace, portfolio manager of Fidelity International Growth & Income Fund, said that high yielding shares outperform in the early days of an economic cycle every-

where in the world. In practical terms, however, investors are most likely to have noticed it in the United States, Europe, and Hong Kong. Most of Asia has few shares with reasonable yields because they are much more expensive than elsewhere.

The standard explanation for this high level of performance during the early economic cycle is twofold. Looked at from the investor's point of view, he is willing to pay more for income when interest rates are falling, so income shares tend to rise.

From the company's point of view, life is easier when interest rates start to fall and the economy picks up. Those with high payouts in a recession are often those which are regarded as being in trouble, and possibly unable to maintain dividends. Therefore they are the ones with the most to gain.

European statistics from Micropal, which measures investment fund performance, bear this out. During the past three years, when European governments have been cutting rates to stimulate growth, the average equity income fund has given a total return of 27.3 percent, while the average equity growth fund has returned 18.9 percent.

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PERPETUAL OFFSHORE FUNDS	PERFORMANCE POSITION IN SECTOR	FUND RANK OVER 5 YEARS	PERFORMANCE POSITION IN SECTOR
International Growth	1	12	96
Emerging Companies	1	1	96
American Growth	1	5	79
For Eastern Growth	2	24	44
Japanese Growth	3	95	-
European Growth	1	7	60
UK Growth	1	31	42
Global Bond	1	135	-
Asian Smaller Markets	1	93	-

Positions are to 1st March 1994 and are on an after-tax US Dollar basis, inclusive of reinvested income, net of withholding taxes. Source: Micropal.

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THE MONEY REPORT



In Choosing a Fund, Look for a Brainy Manager

By Philip Crawford

CHOOSING a mutual fund under relatively sunny skies can be daunting enough. But the recent volatility in global bond and equity markets has made such a decision even more intimidating, particularly for the small or novice investor.

With thousands of funds to choose from internationally, the questions involved in even beginning to narrow down the field are myriad: How relevant are past returns? Are some fund companies better than others? How useful are investment newsletters? Is a specific time frame needed? How much risk to court? And a pertinent question of the moment: Should one be afraid of emerging markets?

Investors trying to choose a fund without the assistance of a professional financial adviser often start by studying published performance tables compiled by such fund-tracking organizations as Lipper Analytical, Micropal and Morningstar. Such an approach takes caution, however, as it can be difficult to resist rushing one's own egg into a fund that has showed terrific returns over a recent time period. Analysts emphasize that past performance, while useful as a guide, is obviously not a foolproof predictor of future returns.

"The point of historical information is to provide some technical indicator for the future and to see how you are likely to have fared in the past," says Christopher Poll, Micropal's chief executive. "But looking at two arbitrary points in time says nothing. One needs to look at the consistency of returns, and also at the fund's volatility."

Mr. Poll said that if a fund's performance was in the upper quartile in its sector for three consecutive six-month periods, such a record constituted a basic consistency. "And

if a fund is consistent in the past," he added, "the odds favor it being consistent in the future."

Do-it-yourself investors also frequently turn to some of the hundreds of available market newsletters for help, some of which concentrate solely on analyzing funds or have model fund portfolios. One publication, the Virginia-based Hulbert Financial Digest, even rates the newsletters by showing investors how they would have made out if they had followed each publication's advice. But rating the past performance of newsletters in regard to the future involves, of course, the same pitfalls as rating individual funds.

Let's say, however, that you've scanned volumes of historical data and have found some funds that show a consistent track record of high returns relative to the market conditions in which they were achieved. Is that where the search stops? Not necessarily, say experts. Ringing up the fund company to investigate matters such as who is currently managing the fund (it may not be the same person who racked up the impressive gains) and the particulars of the fee structure is also a prudent thing to do.

"When you're buying a fund, you're buying brains," said Cella Quinn who runs an investment advisory firm in Omaha, Nebraska. "I want to know that those brains have been through a bear market. Also, the fund industry has expanded so much in recent years that one has to ask, 'Where have all these new managers come from? Maybe not all of them have quite the amount of experience one would want.'"

According to some estimates, half the fund managers in the United States have less than five years' experience managing a fund, and only 10 percent have 10 years' experience or more.

Charges, of course, can vary widely from

fund to fund, and investors can often be shocked to see their reported return whittled down by several percentage points. Guaranteed funds, for example, are notorious for having to return 5 or 10 percent before investors ever see a penny.

"If a fund company's charges are significantly out of line with those of most others, I won't even consider using them," said Roger Gonsalves, a director of Holden Matthews, a firm of independent financial advisers in London. Mr. Gonsalves added that, in steering clients toward the products of this or that fund company, he also felt that the fund manager's skill was the primary consideration. "They're the ones we ultimately put our trust in," he said. "They meet with the companies, go through their accounts, and are in a position to see where the companies are going."

Some financial counselors say that retail investors would also be wise not to accept general descriptions of a fund's investment objective, such as "health care" or "small European companies." Why? Because requesting a detailed outline of the portfolio can yield valuable additional information.

"If you're buying a car, you don't just take the salesman's word for it that it's a great deal, you spend a lot of time checking it out," said Somers White, a management and financial consultant based in Phoenix, Arizona. "Yet people will commit their liquid assets to a fund that they may not know much about. At least take a look at the portfolio and see if there are a few names you recognize."

According to Miss Quinn, making a few elementary decisions at the outset of the search for a fund can effectively narrow down the intimidating range of products. The paramount consideration, she says, is assessing one's own financial needs. "You have to ask yourself questions like, 'Do I

need the money in one year, three years, or 20 years? Do I want rising dividends? Do I want some international exposure? Do I want a value fund or a growth fund? And, naturally, how much risk am I willing to court?' Each decision you make narrows down the number of funds to choose from significantly."

Assuming that the term "risk" means the probability of losing money, there is, of course, a conventional wisdom regarding which types of securities, or funds investing in them, hold the highest risk. Treasury bonds and notes have often been perceived as the safest securities, followed perhaps by highly rated corporate and municipal bonds, blue-chip equities, and on down through the layers of debt and equity instruments that carry varying and constantly changing degrees of speculation.

"The risk decision is an emotional one," said Miss Quinn. "If you don't feel comfortable with your investment, you've made the wrong investment."

The emergence of new global markets has also made geography one of the criteria for modern-day fund picking. The stellar 1993 performance of many Pacific Rim markets, for example, attracted billions of dollars from investors in the United States and Western Europe.

Mr. Poll of Micropal, noting that all markets have their ups and downs, said that investors seeking fund products should indeed diversify geographically. He suggested a strategy of placing a third of one's investment capital in each of three areas: one's home country, developed international markets and emerging markets. "With emerging markets, it's also important not to take a short-term view and not to panic when there's a downturn," he said. "If you sit with it, in the long term you'll make significant sums of money."

To Sell on Continent, Funds Strive to Bridge Cultural Gap

By Jacques Neher

PARIS — "What do Napoleon III, Prince Talleyrand, the Duke of Richelieu and Phileas Fogg have in common?" asks an ad in a French personal investing magazine. Turning the page, the reader learns that "they all chose the financial expertise of Barings."

The ad, by Baring International Fund Managers (France) SA, illustrates the challenge facing the world's major investment fund managers as they try to figure out how to win the investor's confidence and break down cultural, historical and traditional barriers in order to sell their shares across Europe's borders.

Despite a European Commission directive that legally opened the way for cross-border sales of funds in the late 1980s, the task has been so daunting that relatively few international fund managers have been willing to invest the time, resources and money to establish themselves in the huge Continental fund market.

"There's a sense that the fund regulations have worked well for just a few and have yet to be taken advantage of by many," said Brian M. Storms, managing director of Fidelity Fund Management in Luxembourg.

While legal obstacles have disappeared — a fund approved in any country of the European Union can be sold in any other — the institutional barriers remain formidable to would-be newcomers.

"The competitive environment is such that you are up against major banks that historically have had a lock on the business and which still present outsiders with a significant distribution challenge," Mr. Storms said.

Fidelity, in fact, since 1991 has been taking a second swing at the Continent. In 1987, the American investment fund giant barreled into France — the second-largest fund market in the world — and quickly found out that its American marketing experience was useless in this market. It tried a direct-marketing approach that, combined with the effects of that year's October crash, proved a resounding failure, and Fidelity soon pulled out.

"We didn't have a well thought-out business strategy," Mr. Storms admits in hindsight. "We weren't prepared."

Competitors are harsher, saying that Fidelity had not made an effort to understand the market it was entering, simply assuming that French investors would respond to the American hard-sell approach. "They were too aggressive with a selling style the French weren't ready for," said Graham Fairbank, head of Publifine, Barings' Paris advertising agency.

He said that "up to now, Sicavs" — as French mutual funds are called — weren't sold, they were bought.

The few fund managers that are actively pursuing the cross-border market are taking different tactics in their marketing, advertising and distribution approaches.

Fidelity, in its comeback, has initially focused on Germany, Switzerland and Austria, where it has been trying to encourage such intermediaries as banks, insurance companies and investment advisers to distribute its 25-family umbrella fund. It is also spending big in advertising — "several million dollars," Mr. Storms said — to generate direct sales and, at the same time, underpin the efforts of the intermediaries.

The Luxembourg-based Fidelity Fund now claims assets approaching \$3 billion in Europe, up from \$600 million 14 months ago. Nearly 15 percent of the volume is coming through direct sales, Mr. Storms said. In addition, Fidelity has sold Europeans \$400 million worth of shares in its multicurrency fund based in Bermuda.

Mr. Storms is planning to return to France "within several months," but this time, in pursuit of a "long-term multidistribution strategy" resting initially on sales through insurance companies and smaller banks that may not have their own funds to offer.

"I don't imagine that the big French banks like Société Générale or Crédit Lyonnais will be waiting for my arrival," he said.

A similar approach is being taken in France by Baring, whose target market is not the final investor, but rather about 100 financial intermediaries who, the British company hopes, will enthusiastically sell its offering of 10 unit trusts and an insurance product to their customers.

The strategy has been cost effective. With its focused marketing program, supported by around 1 million francs (\$175,000) of advertising investment last year, the Par-

is office now accounts for 10 percent of total Baring fund sales according to Julian Rameau, managing director.

A different approach is being followed in France by Flemings, which decided in 1989 to market its flagship fund primarily through its own direct sales force.

Martial Chaine, managing director for Flemings Finance SA, said he oversees 98 financial advisers — up from 70 last year — who sell Flemings unit trusts, as well as insurance and real estate products developed by outside partners. He aims to eventually build a sales force of 500.

The expensive and risky strategy, he said, was required because of the poor alternatives. Independent financial advisers, he said, were of poor quality, lacking any professional status or qualifications. The big banks were more interested in selling their own funds, institutional funds such as retirement funds were too conservative, shying away from international markets. And, looking at Fidelity's experience, he concluded that France was not yet ready for direct marketing.

By the end of 1993, Mr. Chaine said, Flemings' French sales force had collected 1.5 billion francs from 5,000 customers, or about 300,000 francs a customer. He aims to add 1 billion francs to the total in 1994.

Rodney Williams, a director with Flemings Fund Management in Luxembourg, said France is the only country in which Flemings employs a direct sales force. It sells through intermediaries in Germany and Italy.

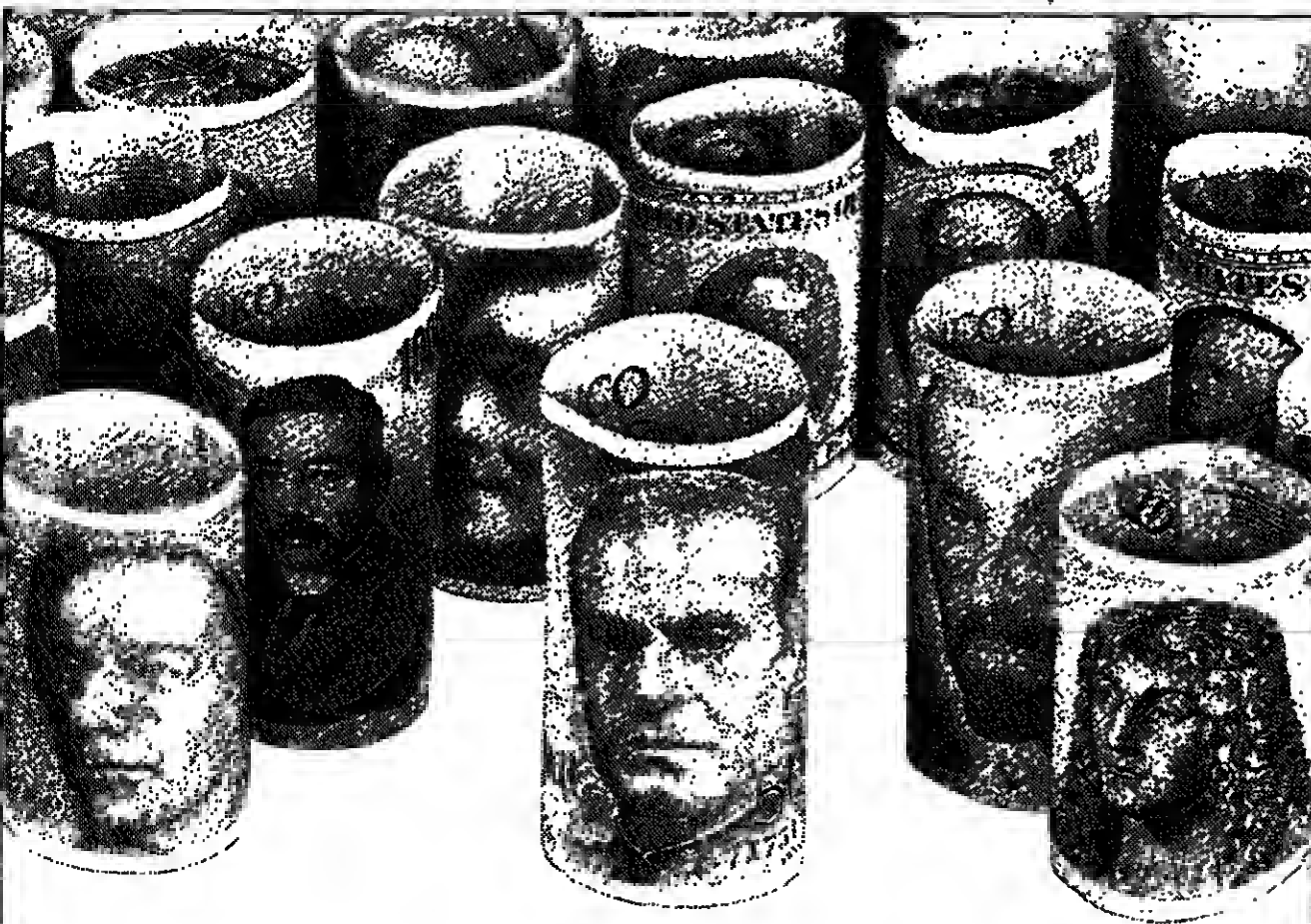
"You have to think European, and act locally," Mr. Williams said. "You have to respect local customs and procedures."

Despite the differing distribution approaches, fund marketers agree that the biggest hurdle to breaking across European borders is to build enough confidence so investors will feel safe putting their money in a "foreign" fund.

"In all our investor focus groups, two words come up consistently — tradition and stability," Mr. Storms said.

Looking ahead, fund promoters say Europe holds great potential for cross-border fund marketing, particularly as state-run pension systems face long-term funding crises and Europeans are forced to think more about investing for their retirements.

"The pension situation will dominate what we do here for the next 10 years," Mr. Storms said.



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THE MONEY REPORT

New Markets: A Case of Nerves

By Iain Jenkins

IN emerging markets, there are, say some analysts, a number of telltale signs that share prices are about to collapse, and one of the signs has anything to do with the "fundamental valuation" of companies.

One classic warning bell is when jobs start giving up in the booming stock market. It happened in Taiwan in the late 80s when people dropped their jobs to trade shares just before the market crash. Today it is going on in Poland with speculators springing up all over the place as the Warsaw index hits new highs.

"It is a sure sign that a market is overheated and time to sell," said Peter Scott, chairman of Beta Funds, an emerging market specialist in London. "Often people in these markets don't have the experience to realize that the boom can't go on forever. There is always an overshoot."

It is this overshoot that makes investing in emerging markets a nerve-racking experience. Inevitably it is a rollercoaster ride. Stock prices race up and then crash, and then crash again. So how does the investor know when is a good time to sell a mutual fund in these volatile areas?

The first rule is that price-earnings ratios, price-to-book ratios or the other "gizmos" used by analysts to find "value" in developed markets are useless. Investors have to rely on quirky anecdotal evidence or instinct.

Other than monitoring tech drivers there are a host of pet theories. Everyone has a view. One Wall Street fund manager starts to sell when 25-year-old brokers, who have only been in the business for a year, start to call him by his first name. "It means they are cocksure and riding for a fall," he said.

When it comes to deciding the right time to buy and emerging market fund the calculation can be even more difficult. The secret is to use share price charts to pick up the bottom after the country has had one of its habitual corrections. The problem is that as soon as you sign the cheque your chosen market drops another 20 percent.

Another technique is to watch the Asian expatriate community living in Berlin, New York or London. When they start investing money in their homelands it is often a sign that confidence is returning.

ing. However, sometimes they are too optimistic and get in too soon. To add to the difficulties, few of the people who poured money into emerging market funds last year get the chance to meet Polish taxi drivers, or talk to Mexican stockbrokers, or even have access to the charts. As a result a lot of them were sucked into funds close to the January peak on many exchanges.

In 1993 record amounts of cash — estimated at \$20 billion — was pumped into emerging market equity funds. By the end of the year there were 633 funds managing an estimated \$80 billion. This volume of money helped chase these fashionable markets upwards. They seemed to offer far better returns than developed markets or staying in cash.

"Emerging countries are growing at four times the rate of Western economies. They have become increasingly accessible for investment. And last year the final catalyst came with the economic liberalization of China," said Peter Jeffreys, managing director of Fund Research.

But beginning in mid-January, many emerging markets went sharply into reverse. Investors who bought at the wrong time are learning the full, cruel meaning of the joke circulating in the financial community that "emerging markets are markets that you can't emerge from in a crash."

Shortage of liquidity means that any selling pressure is magnified causing markets to plunge further than on Western stock exchanges. So far this year the scenario has unfolded in Turkey which is down over 60 percent and in Malaysia, Singapore, Hong Kong and the Philippines to a lesser extent.

Local speculators are often blamed for the panic selling that causes the sharp swings. But, today much of the "hot money" comes from Western investors, primarily the mutual funds that are nervous about their performance. Markets with the highest percentage of Western money are often the most volatile.

One consolation for the investor is that mutual fund groups have performed better than the indexes in emerging markets over recent weeks. This is partly because the managers avoided some of the dubious recent fluctuations and because many foresaw a correction.

However, the shakeout may not be over yet. "Not all the speculative froth has been washed out. Essentially, we are seeing the flows of

money drying up," said Bill McBride of Lipper Analytical Services in New York. "These markets are unlikely to recover until the U.S. market becomes more settled."

He argues that U.S. money, which was behind much of last year's gains in emerging markets, will stay closer to home for the time being. Bonds are starting to look attractive in America and Europe which will take attention away from Asia, Latin America and eastern Europe.

Some big fund managers, such as Scudder in America, are more optimistic. They see the recent correction in some markets as a good buying opportunity. For them, many of these emerging markets will resume their upward march when financial markets stabilize.

But whether these emerging markets fall another 20 percent or the recovery starts now there is no doubt that investor confidence will return to these faster growing economies. The constant refrain from emerging market "hulls" is that developing countries contain around 80 percent of the world's population but only account for around 20 percent of world GDP.

Managed Funds: Be Sure to Get What You Pay For

By Digby Lerner

A USEFUL service, or just an extra layer of charges? That is the central question for individual investors who want professional advice on which fund to choose.

Not surprisingly, those most vociferously in favor of employing someone to choose a portfolio of funds are the portfolio managers themselves. They claim to have the time and expertise available to make investment decisions that private clients cannot. By closely monitoring a range of managed funds, they say, they can spot exactly when to buy and sell the best effect.

Alternatively there are those who say that, in spite of such grandiose claims, portfolio managers frequently fare no better than investors making their own choice of funds. If this is true, those opting for managed portfolios are paying charges on top of those levied by the underlying managed funds and getting nothing in return.

Portfolio managers admit this is sometimes true but say it is easy to sort out the good managers from the bad. Robin Knight-Bruce, who heads Knight Williams, a firm of financial advisers in Britain, said there are several key questions

clients should ask portfolio managers before parting with any cash.

"You should always ask for performance figures," he said. "I wouldn't dream of investing with a portfolio manager who was unable to show me a good track record."

He adds that some portfolio managers refuse to do this and claim the variety of individual portfolios makes it impossible to put together meaningful past performance figures.

"Some portfolio managers say there are too many variables involved, or say the performance depends on when the portfolio was invested," he said. "Nonsense. Insist on seeing at least a representative portfolio."

He says that investors should also look at the resources the manager has. A one-man business will be hard-pressed to fully monitor a range of portfolios and may end up turning in a mediocre performance.

"No matter how many people at dinner parties try to tell me they sit at home and do the whole thing themselves I remain unconvinced. My desk is littered with research. Some I'll read, some I'll pass on to colleagues, but most of it will end up in the bin unread. There isn't the time to take it all in, so trusting all that to one individual is a high-risk business."

Finally, he recommends that investors choose a portfolio manager who takes notice of what type of portfolio they want. "There are too many advisers out there," he said, "who think that XYZ fund is great for everybody. Instead they have to be prepared to tailor a portfolio to your specific needs."

The individuality of each portfolio is the main selling points of many services. Managers often promise to construct a portfolio geared purely to each investor's needs.

While this makes it tempting to believe each investor is getting their own manager devoted to earning them money this is not usually true. Like-minded investors are simply grouped together in a single portfolio according to whether they are looking for capital growth, income, guarantees and so on.

Some investors will inevitably buy into a portfolio just before the weighting between underlying funds is changed. They pay to be invested in certain funds only to come out again almost immediately.

Brent Perry, a portfolio manager with Morgan Grenfell in London, says this is rarely the case. Where it does happen the portfolio manager may have prevented the investor losing money or she might have had them invested directly in the underlying fund.

"If you go back to July 1990 there had been a possibility for one or two months that something might be going on between Iraq and Kuwait. It could be that before that blew up, with the best intentions in the world, you put in half your client's money. Then two days later the decision may have been made to pull out. After that the market fell by about 30 percent. Whatever the client lost coming out on the day the market started falling would certainly be less than if he stayed in."

Although the general debate over whether or not a managed portfolio brings any tangible benefits may never be concluded, there are two areas where portfolios appear to have a distinct advantage.

One is their tendency to help investors hold their nerve when the market they are following takes a down-turn. Mr. Knight-Bruce claims too many investors are prompted to move in or out of funds at the wrong time. They often buy at the top of the market and sell at the bottom — the opposite of what they should be doing.

The second, and possibly more tangible benefit, is the economy of scale available to some portfolio managers that private investors can rarely match. Large investors are able to negotiate discounts with fund managers which are passed on to their portfolio investors.

After High-Flying '93, Investors Consolidate Gains

By Judith Rehak

As the first quarter of 1994 draws to a close, the U.S. mutual fund industry is still riding the collective high of 1993, when its total assets broke through the \$2 trillion barrier to its current \$2.2 trillion.

Sales of stock, bond and income funds totaled \$56.8 billion in January, according to the latest figures from the Investment Company Institute, the industry's trade association. That's compared with \$37 billion in January 1993.

But there are unmistakable signs that investors are growing more cautious. While not bailing out of funds altogether, they are retreating from those where they see risk, shifting into more conservative vehicles, or even parking their cash until the dust settles in bumpy markets.

"The major story here is that over the past several weeks we have still had cash coming into our equity funds, but there has been a net outflow in our bond funds," said John Reilly, a vice president with Massachusetts Financial Services, a Boston money manager. But he emphasized that money was not leaving the fund complex. "Rather, we're seeing far more in exchanges into our money market funds. It's a defensive move."

There are other signs that the bond fund boom is winding down. As yields on 30-year U.S. Treasury bonds flirted with 7 percent last week, a full percentage point rise since October, investors were apparently heeding repeated warnings about the damaging effect of rising interest rates on fixed income investments, particularly longer-term vehicles. The fund giant Fidelity was reporting that more than 90 percent of its bond fund sales were in short-term offerings. Money flows at Franklin/Templeton, a major bond fund manager, were moving from longer- to shorter-term funds as well. "Because we've broken-sold, it looks as if our investors are being advised to shorten their maturities," said Virginia Marans, a spokeswoman.

Nervous investors are also switching into equity offerings. Cash flow into equity funds soared to an all-time record of \$18.3 billion in January, and for the first time since 1985, there was more money in stock funds than bond funds, according to Betty Hart of the Investment Company Institute.

But with fears that the stock market is overpriced, many investors are opting for less risky equity funds. At Oppenheimer Management, the second-best seller right now is its Total Return fund, which is mostly conservative equities with a small fixed-income component.

"I call it the 'Chicken Little' fund," said Jon Fossel, Oppenheimer's president. Also finding favor

with investors are asset allocation funds, conservative vehicles in which the portfolio manager switches among equity, bond and other sectors. This category has been attracting money at Fidelity and T. Rowe Price, the Baltimore no-load manager, where a best seller this month has been its Spectrum Growth Fund, which invests in other U.S. small companies to international equities.

The international investing craze that swept the United States in 1993 has boosted assets of foreign equity funds to 20 percent of all equity funds. Investors pumped into overseas funds in January, topping all stock categories. One reason: The year-end performance parade which showed an average total return for non-American equity funds of 39.40 percent, compared with 12.54 percent for their domestic counterparts.

International sales have tailed off at some groups since the Jan-

ary peak, but the rush is still on at those with long-established reputations in overseas investing.

"Far and away our best seller is our international stock fund," said a spokeswoman for T. Rowe Price, whose six no-load international vehicles accounted for 70 percent of equity sales last month. The Templeton Foreign fund led the pack at Franklin/Templeton, followed by its entry in the red-hot emerging markets arena, the open-end Templeton Developing Markets Trust.

But the most surprising sign of investor jitters is the renewed allure of money market funds, which at less than 3 percent returns do not even keep pace with inflation. "We've seen a tremendous increase of cash flow into money market funds," said John Wierth of the Vanguard Group, the largest purveyor of no-load funds. "People seem to want a safe harbor." The story was echoed elsewhere.

At Franklin/Templeton, 53 percent of February sales were into money funds. "People just don't

want to commit to a long-term investment right now," said Ms. Marans. "It's kind of a parking place."

At the end of the third quarter of 1993, mutual funds owned 10.2 percent, or \$617 billion of the U.S. stock market, exceeded only by private pension funds. Few in the fund industry expect the heady days of double-digit returns and huge inflows of cash to continue indefinitely, but few foresee any mass exodus either.

One in every four U.S. households, about 28 percent, now owns mutual funds, in contrast to 6 percent in 1980, according to a 1992 study conducted by the Investment Company Institute. A typical shareholder's household has an income of \$50,000 and financial assets of \$14,000, excluding real estate and a company pension plan. About 60 percent of funds are sold through brokers, who are paid a commission by investors who want advice and handholding, and are generally a bit older than the average shareholder age of 47. No-load fund families who sell directly to investors have a firm grip on the other 40 percent of sales. Their shareholders are somewhat younger, more sophisticated and self-directed investors.

Many fund groups see aging baby boomers as driving growth in the coming decade. Last week, Wells Fargo Bank launched a mutual fund family directed at affluent baby boomers, which will have target dates from 2,000 to 2,040 when shareholders will need the money. "They've spent a lot buying homes and cars, and now they're moving into their higher earning years where their objectives become planning for college and retirement," said Mrs. Hart of ICI.

If there is one wild card for fund purveyors, it is the millions of first-time investors who bought funds when rock-bottom interest rates drove them out of bank CDs and money-market funds. It is too soon to tell if they will revert to their former habits as interest rates move up.

Best Performing Mutual Funds

Over one month to March 1, 1994			Over one year to March 1, 1994		
Fund	Performance	Rank	Fund	Performance	Rank
Windsor International	28.7%	1	IF Far Eastern	37.0%	1
Colonial Fund	28.5%	2	IF Hong Kong	35.7%	2
MetLife ST Singapore & Malay	25.0%	3	Baring MFE Tristar	34.7%	3
Austrian Equity	24.3%	4	IF India	31.5%	4
Scudder Asia FE	23.6%	5	INVEST Asia Tiger	31.5%	5
Japanese Equity	23.2%	6	Scudder Asia FE	30.8%	6
Hosel Japan	23.1%	7	Windsor Gold & General	30.4%	7
Colonial Japan	23.0%	8	Windsor Asia Pacific	30.2%	8
Dunelm Japan	22.9%	9	SPK Asian	27.6%	9
Bainbridge Japan	22.8%	10	IF Japanese	27.4%	10
Shiro Japan	22.8%	11	IF China	26.7%	11
IF Japan	22.7%	12	IF Hong Kong	26.7%	12
IF Japan	22.7%	13	IF Far Eastern	26.7%	13
IF Japan	22.7%	14	IF Far Eastern	26.7%	14
IF Japan	22.7%	15	IF Far Eastern	26.7%	15
IF Japan	22.7%	16	IF Far Eastern	26.7%	16
IF Japan	22.7%	17	IF Far Eastern	26.7%	17
IF Japan	22.7%	18	IF Far Eastern	26.7%	18
IF Japan	22.7%	19	IF Far Eastern	26.7%	19
IF Japan	22.7%	20	IF Far Eastern	26.7%	20

Over five years to March 1, 1994

Fund	Performance	Rank	Fund	Performance	Rank
Quantum Fund	731.3%	1	SAM Hong Kong	385.0%	1
Thornhill New Tiger Hong Kong	549.0%	2	CL Asia Pacific Growth	380.9%	2
GAM Singapore & Malaysia	531.2%	3	GNI Special	380.5%	3
MetLife ST Singapore & Malay	487.9%	4	Astra IUF Asian Equity	380.1%	4
Slam Fund (Cayman) Ltd	459.1%	5	Cym Capital Development	378.0%	5
CI Singapore Growth	456.8%	6	Indosuez Singapore & Malay	377.9%	6
CIBC-CEI Hong Kong Warrant	453.3%	7	Hambros Equity South East Asian	378.8%	7
Gartmore Hong Kong	448.1%	8	Stewart New Pacific	375.5%	8
IF Asian	448.1%	9	Henderson HE Pacific	372.2%	9
Gam Asian	448.1%	10	Asian Development Eq (A)	368.4%	10
Colonial Securities Hong Kong	443.6%	11	Morgan Grenfell Jap Small Cos	368.5%	11
Astra (FE) Asia Trust	435.6%	12	Hypo F&C US Smaller Companies	368.6%	12
Schroders Asia Hong Kong	428.1%	13	Royal Life/Baring Hong Kong	362.9%	13
IF Eastern	419.2%	14	IF Hong Kong	362.0%	14
Indosuez Hong Kong	415.4%	15	Indosuez Hong Kong & China	361.5%	15
Baring IUF Malaysia & Sing	409.8%	16	Royal Life/Baring Malay & Sing	361.2%	16
IF Philippine	397.4%	17	GT Hong Kong B Share	361.0%	17
Garnet Investments	396.4%	18	Prosperity Emerging Markets	359.0%	18
Abbey Asian Pacific	396.4%	19	GT Hong Kong A Share	358.6%	19
Baring IUF Hong Kong	396.4%	20	Gartmore Pacific Growth	357.2%	20

Source: Micropal

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1989	\$32,605	\$163,025
1988	\$32,434	\$162,170
1987	\$31,311	\$156,555
1986	\$28,793	\$143,865
1985	\$23,632	\$118,160
1984	\$13,539	\$67,695
1983	\$13,124	\$65,620
1982	\$12,403	\$62,015
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THE MONEY REPORT

Of Market Corrections, Global Recovery, and Opportunities in India

Members of a panel of experts in economics and investment offer their opinions on the world's major economies, currencies and financial markets.



Howard Flight, director, Guinness Flight Global Asset Management

Given the sharp appreciation in equity and bond prices, a correction in the market looked inevitable. This has now happened. The issue for investors is whether this represents a major turning point, or whether market weakness will be followed by recovery.

The U.S. economy is now in its third year of recovery with recent robust growth, although the growth rates of the last quarter of 1993 are likely to slow during 1994. The British economy appears to be following behind the United States, although the recovery is less well established.

In Continental Europe, the core economies of France and Germany remain weak. At best, 1994 will see very modest growth. Italy is following a course more similar to that of Britain, while the Spanish economy remains weak.

The Japanese economy shows no signs of recovery and is expected to have a further period of stagnation. In Japan, whether short-term interest rates fall even further will depend on whether the administration actually manages to spend the massive fiscal stimulus promised, and on the extent to which the yen remains significantly overvalued.

As a whole, this does not present the case of a very strong global recovery and it is difficult to imagine all the major economies moving forward together before the second half of 1995. This in turn suggests that it is unlikely that equity markets will peak before 1995-96, in the bull market cycle that started in 1991.

Outlook

This does not, however, remove the possibility of a large correction between now and then.

In the United States, short-term and long-term interest rates have clearly passed their floors in the present cycle. This is because the United States is three years ahead of Japan and Continental Europe, and in part the result of the Federal Reserve having reduced interest rates three years ago to low levels to reduce the severity of the recession.

Wage pressures remain subdued in the United States, and the probability of a considerably stronger dollar over the next 18 months should also be disinflationary. The rise that has already occurred in Treasury bond yields and the gradual rise expected in short-term dollar interest rates, combined with any equity market weakness may also serve to slow the pace of the U.S. recovery.

In Continental Europe, bond markets have fared somewhat better, short-term interest rates where the downward slope of yield curves had become too steep.

Short-term interest rates are likely to continue to fall further in Germany, France, Italy and Spain, which in turn, can be expected to support bond markets and to lead to further falls in bond yields. Britain is something of a halfway house between the United States and Continental Europe. Short-term interest rates are likely to fall marginally further, particularly if the psychological impact of the tax increases occurring this spring turn out to be more negative than many expect.

Many investors remain deeply skeptical of Britain's ability to restrain inflation given the past record, and what is perceived as a weak government. Much will depend on the extent to which the Bank of England acts in an independent fashion in managing the money supply, even if it does not have statutory independence.

In Japan, whether short-term interest rates fall even further will depend on whether the administration actually manages to spend the massive fiscal stimulus promised, and on the extent to which the yen remains significantly overvalued.

What all this amounts to is that clearly the greater part of the scope for capital gains from bonds in the present global economic cycle is now behind us; there remains worthwhile scope for bond yields to fall further and for capital gains on bond investment in Europe, largely as a result of the prolonged nature and severity of recession,

and especially following the recent corrections.

The most important factor in managing bond portfolios this year, is likely to be currency management, where sooner or later a significant strengthening of the dollar is likely, particularly against European currencies.

Between now and the end of the year, total returns on bonds in Europe, and quite possibly in the United States should exceed returns on cash. The main message, previously articulated, is that investors should not expect the high levels of total return from either equities or bonds as in 1993, to repeat themselves in 1994.



Christopher Kwiecinski, investment manager, Banque Indosuez Global Private Banking

A look in the rear-view mirror for this panelist does not come too unattractively. How good was the investment advice? Above all, and no a buy-and-hold basis, there were no

major misses, one or two disappointments perhaps which were treated as market conditions changed. Overall, dollar-based investors with a medium-risk profile should be smiling today if they had followed the recommendations made 10 months ago. With a little help from the markets? Yes, but fund managers are paid for identifying market opportunities and acting upon them.

Core inflation has essentially stabilized in the 3 percent to 3.5 percent range in the past two years after more significant improvements during 1990-91 and that the consensus has tended to underestimate the strength of the recovery.

This helps to explain why we took issue with the bond bulls who saw a weaker economy as the main market support in the final months of last year. Occasional opportunistic trading advice in precious metals and mining shares was not off the mark but required good timing.

Following the interest rate cycle in Europe proved to be more of a challenge, just as the Bundesbank continues to live up to its reputation for wrong-footing the markets. Clear sailing may not yet be ahead but at least the market can breathe easier, we hope. Last summer's storm on the European currency markets blew over and convergence became fashionable again.

As for markets, it took a bit of courage to recommend Japanese equities in the past year or so. Except for a relatively brief nerve-wrecking period in late 1993 however, the Nikkei's movements within the established trading range have provided opportunities for investors, especially those who were quick on their feet.

Emerging equity markets have become a more accepted asset category for international investors and the recommendation to focus on Southeast Asia and Mexico turned out to be timely as did the caveat about their vulnerability to rising interest rates. Despite the recent corrections, their returns have so far exceeded the initial estimates. Finally, the high yield dollar debt securities, both sovereign and corporate have performed strongly until the U.S. bond yields began backing up. On balance, it has become a good run; we hope you have enjoyed it (and benefited from it). We certainly did.



Anna Tong, director, Aetna Investment Management (Hong Kong) Ltd.

The good news surrounding the recent euphoria for the Asian Subcontinent is that there appears to be no turning back on the economic reform movement in India in the private and public sectors, and the

economy has already begun to respond well to change from a command to a market-driven economy. Our real concern relates to the stock market which has had a spectacular run in recent months largely driven by the enormous foreign interest and falling domestic interest rates.

The problem is quite simple: Corporations are very optimistic and hope to expand capacity and become more efficient before their protected industries are open to foreign competition. With tight balance sheets and a strong stock market, corporations are turning to depositary receipts, convertible bonds and stock markets for capital, in a market that is beginning to be flooded with paper. There is a real risk of the market reaching a saturation point.

The stock market remains the focal point of the public and private sector as a source of capital and a number of efforts are being made to reform the "old boy" network and handle the ever-increasing volumes, particularly given the stock scandal two years ago. The stock market has again caught the attention of Indian domestic retail investors who control 60 percent (compared to foreigners' 5 percent) of the \$70 billion daily turnover in the market and are increasingly playing an indirect role through the launching of numerous domestic mutual funds.

"Professional investors" abound and the number of billboards advertising rights issues, initial public offerings, and mutual funds should be enough to make investors very nervous.

The market should achieve 30 percent per-share earnings growth

this year, barring major dilution. It strikes us that the Subcontinent is dangerously fashionable at the moment and there is too much paper floating around for the Indian market to see a sustainable rally. Given India's history of periodic political and social "accidents" and the number of domestic investors,

investors will likely get a chance to buy this market at lower levels and have little to gain from moving in aggressively now. Nevertheless, investors over the long term will not be able to ignore the market given its low correlation to the rest of the world and the growth potential it offers.

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BRIEFCASE

George Soros to Introduce 2 New Funds Next Month

Hedge fund manager George Soros is expanding his stable with the introduction of two new vehicles on April 6. The Quantum Industrial Holdings and the Asian Infrastructure Development funds will seek to raise up to \$1.4 billion and \$100 million respectively.

A key group of shareholders in the new vehicles will be investors in the funds already traded. The Quantum, Quasar International, Quantum Emerging Growth and Quota funds are all making distributions to their investors which may be taken in cash or, subject to maximum percentages and clawback, as shares in the new funds.

Edgar Astaire, a London-based broker that distributes Mr. Soros's funds, says that there is already considerable interest in Quantum In-

dustrial shares, which are changing hands at a premium of 5 to 8 percent ahead of flotation.

The minimum investment is 1,000 shares (officially priced at \$100 each) in Quantum Industrial, with a 500-share minimum for the Asian fund. Charges run at 2 percent annually, plus 20 percent of profits. Readers are advised that these funds are high-risk investments.

For more information, call Edgar Astaire in London at (44 71) 925 2555, or fax at 925 2625.

Vanguard Group Offering An Emerging-Market Fund

The emerging markets fund craze sweeping the United States has hit Vanguard Group, the big no-load fund manager.

The fund family is scheduled to join the crowd seeking profits in countries like Thailand and Brazil in May. But unlike nearly all of its competitors, it will offer an index fund, which

will buy and hold equities rather than actively trading them. The fund will track a special index created by Vanguard and Morgan Stanley, whose Emerging Markets Free Index is a widely followed benchmark.

The new Vanguard offering is attracting attention because it will be a low-cost offering in developing markets, an arena which is known for above-average expenses. With a minimum of trading, the fund will have a 2 percent initial transaction fee and a 1 percent redemption fee, plus annual expenses of 0.5 to 0.7 percent of assets. By contrast, one of the most popular actively traded vehicles, the Templeton Developing Markets fund, carries a 5.75 percent front-end load, and annual expenses of 2.25 percent.

For more information on the Vanguard Emerging Markets Index fund, call (800) 962-5056 in the United States.

NYSE

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month High	Low	Latest Chg	Div	Yld	PE	100s	High	Low	Latest Chg
IBM	112 1/4	111 3/4	3.20	4.0	12.5	100	112 1/4	111 3/4	+1/8
Microsoft	54 1/4	53 3/4	1.00	1.0	15.0	100	54 1/4	53 3/4	+1/8
Apple	28 1/4	27 3/4	0.50	0.5	10.0	100	28 1/4	27 3/4	+1/8
Oracle	14 1/4	13 3/4	0.25	0.2	12.0	100	14 1/4	13 3/4	+1/8
Sun	7 1/4	7 3/4	0.10	0.1	15.0	100	7 1/4	7 3/4	+1/8
HP	3 1/4	3 3/4	0.05	0.05	18.0	100	3 1/4	3 3/4	+1/8
Intel	1 1/4	1 3/4	0.02	0.02	20.0	100	1 1/4	1 3/4	+1/8
Motorola	0 3/4	0 7/8	0.01	0.01	25.0	100	0 3/4	0 7/8	+1/16
TI	0 1/4	0 1/2	0.00	0.00	30.0	100	0 1/4	0 1/2	+1/16
AMD	0 1/4	0 1/2	0.00	0.00	35.0	100	0 1/4	0 1/2	+1/16
NVDA	0 1/4	0 1/2	0.00	0.00	40.0	100	0 1/4	0 1/2	+1/16
QCOM	0 1/4	0 1/2	0.00	0.00	45.0	100	0 1/4	0 1/2	+1/16
SPR	0 1/4	0 1/2	0.00	0.00	50.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	55.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	60.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	65.0	100	0 1/4	0 1/2	+1/16
ATI	0 1/4	0 1/2	0.00	0.00	70.0	100	0 1/4	0 1/2	+1/16
3COM	0 1/4	0 1/2	0.00	0.00	75.0	100	0 1/4	0 1/2	+1/16
SMI	0 1/4	0 1/2	0.00	0.00	80.0	100	0 1/4	0 1/2	+1/16
PLD	0 1/4	0 1/2	0.00	0.00	85.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	90.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	95.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	100.0	100	0 1/4	0 1/2	+1/16
AMD	0 1/4	0 1/2	0.00	0.00	105.0	100	0 1/4	0 1/2	+1/16
NVDA	0 1/4	0 1/2	0.00	0.00	110.0	100	0 1/4	0 1/2	+1/16
QCOM	0 1/4	0 1/2	0.00	0.00	115.0	100	0 1/4	0 1/2	+1/16
SPR	0 1/4	0 1/2	0.00	0.00	120.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	125.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	130.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	135.0	100	0 1/4	0 1/2	+1/16
ATI	0 1/4	0 1/2	0.00	0.00	140.0	100	0 1/4	0 1/2	+1/16
3COM	0 1/4	0 1/2	0.00	0.00	145.0	100	0 1/4	0 1/2	+1/16
SMI	0 1/4	0 1/2	0.00	0.00	150.0	100	0 1/4	0 1/2	+1/16
PLD	0 1/4	0 1/2	0.00	0.00	155.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	160.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	165.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	170.0	100	0 1/4	0 1/2	+1/16
AMD	0 1/4	0 1/2	0.00	0.00	175.0	100	0 1/4	0 1/2	+1/16
NVDA	0 1/4	0 1/2	0.00	0.00	180.0	100	0 1/4	0 1/2	+1/16
QCOM	0 1/4	0 1/2	0.00	0.00	185.0	100	0 1/4	0 1/2	+1/16
SPR	0 1/4	0 1/2	0.00	0.00	190.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	195.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	200.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	205.0	100	0 1/4	0 1/2	+1/16
ATI	0 1/4	0 1/2	0.00	0.00	210.0	100	0 1/4	0 1/2	+1/16
3COM	0 1/4	0 1/2	0.00	0.00	215.0	100	0 1/4	0 1/2	+1/16
SMI	0 1/4	0 1/2	0.00	0.00	220.0	100	0 1/4	0 1/2	+1/16
PLD	0 1/4	0 1/2	0.00	0.00	225.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	230.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	235.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	240.0	100	0 1/4	0 1/2	+1/16
AMD	0 1/4	0 1/2	0.00	0.00	245.0	100	0 1/4	0 1/2	+1/16
NVDA	0 1/4	0 1/2	0.00	0.00	250.0	100	0 1/4	0 1/2	+1/16
QCOM	0 1/4	0 1/2	0.00	0.00	255.0	100	0 1/4	0 1/2	+1/16
SPR	0 1/4	0 1/2	0.00	0.00	260.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	265.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	270.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	275.0	100	0 1/4	0 1/2	+1/16
ATI	0 1/4	0 1/2	0.00	0.00	280.0	100	0 1/4	0 1/2	+1/16
3COM	0 1/4	0 1/2	0.00	0.00	285.0	100	0 1/4	0 1/2	+1/16
SMI	0 1/4	0 1/2	0.00	0.00	290.0	100	0 1/4	0 1/2	+1/16
PLD	0 1/4	0 1/2	0.00	0.00	295.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	300.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	305.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	310.0	100	0 1/4	0 1/2	+1/16
AMD	0 1/4	0 1/2	0.00	0.00	315.0	100	0 1/4	0 1/2	+1/16
NVDA	0 1/4	0 1/2	0.00	0.00	320.0	100	0 1/4	0 1/2	+1/16
QCOM	0 1/4	0 1/2	0.00	0.00	325.0	100	0 1/4	0 1/2	+1/16
SPR	0 1/4	0 1/2	0.00	0.00	330.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	335.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	340.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	345.0	100	0 1/4	0 1/2	+1/16
ATI	0 1/4	0 1/2	0.00	0.00	350.0	100	0 1/4	0 1/2	+1/16
3COM	0 1/4	0 1/2	0.00	0.00	355.0	100	0 1/4	0 1/2	+1/16
SMI	0 1/4	0 1/2	0.00	0.00	360.0	100	0 1/4	0 1/2	+1/16
PLD	0 1/4	0 1/2	0.00	0.00	365.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	370.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	375.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	380.0	100	0 1/4	0 1/2	+1/16
AMD	0 1/4	0 1/2	0.00	0.00	385.0	100	0 1/4	0 1/2	+1/16
NVDA	0 1/4	0 1/2	0.00	0.00	390.0	100	0 1/4	0 1/2	+1/16
QCOM	0 1/4	0 1/2	0.00	0.00	395.0	100	0 1/4	0 1/2	+1/16
SPR	0 1/4	0 1/2	0.00	0.00	400.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	405.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	410.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	415.0	100	0 1/4	0 1/2	+1/16
ATI	0 1/4	0 1/2	0.00	0.00	420.0	100	0 1/4	0 1/2	+1/16
3COM	0 1/4	0 1/2	0.00	0.00	425.0	100	0 1/4	0 1/2	+1/16
SMI	0 1/4	0 1/2	0.00	0.00	430.0	100	0 1/4	0 1/2	+1/16
PLD	0 1/4	0 1/2	0.00	0.00	435.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	440.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	445.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	450.0	100	0 1/4	0 1/2	+1/16
AMD	0 1/4	0 1/2	0.00	0.00	455.0	100	0 1/4	0 1/2	+1/16
NVDA	0 1/4	0 1/2	0.00	0.00	460.0	100	0 1/4	0 1/2	+1/16
QCOM	0 1/4	0 1/2	0.00	0.00	465.0	100	0 1/4	0 1/2	+1/16
SPR	0 1/4	0 1/2	0.00	0.00	470.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	475.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	480.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	485.0	100	0 1/4	0 1/2	+1/16
ATI	0 1/4	0 1/2	0.00	0.00	490.0	100	0 1/4	0 1/2	+1/16
3COM	0 1/4	0 1/2	0.00	0.00	495.0	100	0 1/4	0 1/2	+1/16
SMI	0 1/4	0 1/2	0.00	0.00	500.0	100	0 1/4	0 1/2	+1/16
PLD	0 1/4	0 1/2	0.00	0.00	505.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	510.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	515.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	520.0	100	0 1/4	0 1/2	+1/16
AMD	0 1/4	0 1/2	0.00	0.00	525.0	100	0 1/4	0 1/2	+1/16
NVDA	0 1/4	0 1/2	0.00	0.00	530.0	100	0 1/4	0 1/2	+1/16
QCOM	0 1/4	0 1/2	0.00	0.00	535.0	100	0 1/4	0 1/2	+1/16
SPR	0 1/4	0 1/2	0.00	0.00	540.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	545.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	550.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	555.0	100	0 1/4	0 1/2	+1/16
ATI	0 1/4	0 1/2	0.00	0.00	560.0	100	0 1/4	0 1/2	+1/16
3COM	0 1/4	0 1/2	0.00	0.00	565.0	100	0 1/4	0 1/2	+1/16
SMI	0 1/4	0 1/2	0.00	0.00	570.0	100	0 1/4	0 1/2	+1/16
PLD	0 1/4	0 1/2	0.00	0.00	575.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	580.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	585.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	590.0	100	0 1/4	0 1/2	+1/16
AMD	0 1/4	0 1/2	0.00	0.00	595.0	100	0 1/4	0 1/2	+1/16
NVDA	0 1/4	0 1/2	0.00	0.00	600.0	100	0 1/4	0 1/2	+1/16
QCOM	0 1/4	0 1/2	0.00	0.00	605.0	100	0 1/4	0 1/2	+1/16
SPR	0 1/4	0 1/2	0.00	0.00	610.0	100	0 1/4	0 1/2	+1/16
WDC	0 1/4	0 1/2	0.00	0.00	615.0	100	0 1/4	0 1/2	+1/16
SGS	0 1/4	0 1/2	0.00	0.00	620.0	100	0 1/4	0 1/2	+1/16
LSI	0 1/4	0 1/2	0.00	0.00	625.0	100	0 1/4	0 1/2	+1/16
ATI	0 1/4	0 1/2	0.00	0.00	630.0				

SPORTS

Clemson
Puts on the
Press in NIT

Editorial Decision
Prevented 'Media Frenzy'

The Associated Press
Clemson, trailing by four points
with its best player on the
bench, began to press.

That's press, not choke.
And that press, early in the second
half, is not something Andre
Dowd will forget. It helped the
Tigers to a convincing victory
Thursday night over Southern Miss.
in the opening round of the
NIT.

"You could just see it in their
eyes," said Dowd, who finished
Clemson's 96-85 victory with 20
points. "They were confused, they
didn't know what to do with the
ball. It seemed like they were
trying to handle it, like they'd never
seen it before."

The Golden Eagles (15-15), who
at 17 points from Glenn Wisby,
were forced into 19 second-half
turnovers.

"We had just two turnovers at the
beginning of the second half and then
Clemson put the press on," said
Southern Miss coach, K. Turk. "We
had every kind of foul that you can
think of."

Clemson also got 19 points and
10 rebounds from Devin Gray to
advance to a second-round meeting
against West Virginia.

The Tigers (17-15) trailed 52-48
at the start center Sharon Wright
led the bench with four fouls when
coach Cliff Ellis called for the press.
It immediately paid off as the
Jensen guard Lou Richie had
three steals and five points over the
last three minutes to give the Tig-
ers a 63-57 lead.

Villanova 103, Canisius 79: In
Illanova, Pennsylvania, Kerry
Littles had a career-high 34 points
in Villanova's biggest output of the
season.

Kittles scored 16 points during a
7-6 Villanova spurt in the second
half, making it 66-46 with just over
2 minutes left. During the surge,
Littles had two steals. Villanova
(6-12) will play Duquesne in the
second round.

West Virginia 85, Davidson 69:
In Morgantown, West Virginia,
Travis Greene scored 19 points,
and West Virginia took advantage
of Davidson's mistakes.

After trading baskets early, West
Virginia (17-11) took advantage of
Davidson's mistakes and used a 15-2
surge to up 20-7. The Mountaineers
outbounded Davidson (22-8) 40-33,
hile the Wildcats committed 19
turnovers and shot just 42 percent.

Old Dominion 76, Manhattan 74:
In Norfolk, Virginia, Kevin Swann
knocked four free throws in the final
22 seconds to secure the victory for
Old Dominion (21-9) over Manhat-
tan (19-11).

Kansas State 78, Mississippi
State 67: In Manhattan, Kansas,
skia Jones shook off a two-game
scoring slump and scored 20
points to lead Kansas State (18-12),
high next play Gonzaga.

Jones had eight total points in
Kansas State's last two games, but
missed the Bulldogs he hit eight of
10 shots.

Gonzaga 90, Stanford 76: After
Stanford (17-11) rallied to tie it 63-
63 with 6:32 left, Jon Kimloch made
a 3-point jumper to put visiting
Gonzaga (22-7) up for good.

Brigham Young 74, Arizona
State 67: With starting guard Kurt
Christensen hurt and Russell Lar-
son on the bench with foul trouble
or nine minutes of the second half,
BYU (22-9) still triumphed at
home.

Freshman's Late Surge Helps North Carolina Stave Off Upset



Pepperdine's Bryan Parker driving past Makhtar Madye of Michigan, which prevailed in overtime.

The Associated Press

Rashad Wallace fueled a late run
that helped defending champion
North Carolina avoid what would
have been the highest upset in Na-
tional Collegiate Athletic Associa-
tion tournament history with a 71-
51 victory over feisty Liberty in the
first round of the East Regional on
Friday in Landover, Maryland.

Wallace had six points in a 16-0
surge that helped the top-ranked
and top-seeded Tar Heels advance
to the second round for the 15th
straight season.

Liberty, the Big South Confer-
ence champion, made a strong
showing for 30 minutes in its first
NCAA tournament game. But the
Flames were held scoreless for
nearly seven minutes during the
stretch, a slump that proved fatal.
Boston College 67, Washington
St. 64: In Landover, Gerrod
Abram broke a tie by making two
free throws with five seconds re-
maining, and Boston College over-
came a miserable first half to beat
Washington State.

In games played Thursday:
Pennsylvania 90, Nebraska 80:
In Uolondale, New York, the
Quakers dropped the Cornhuskers
to 0-5 in the NCAA tournament as
Barry Pierce scored 25 points and
Jerome Allen 19.

George Washington 51, Ala-
Birmingham 46: Yinka Dare, the Ni-
gerian center, scored 16 points for
George Washington. The Colonials
scored just 20 points against the
Blazers in the second half.
Florida 64, James Madison 62:

Dan Cross drove the lane for a
running one-hander with 7.2 sec-
onds left against the Dukes. Greg
Williams made a 3-pointer with 48
seconds left as Florida went ahead
62-60, but Clayton Ritter made two
free throws 15 seconds later.

SOUTHEAST REGIONAL
Marquette 81, SW Louisiana 59:
On Friday in St. Petersburg, Flori-
da, Damon Key scored 24 points
and led a 19-0 second-half run that
enabled Marquette to pull away
from Southwestern Louisiana.

Key scored 13 points in the sec-
ond half, and Rodney Eford, who
finished with 20, helped power the
decisive burst that carried the War-
riors past the Ragin' Cajuns.

Kentucky 83, Tennessee State
70: In St. Petersburg, Florida, Ro-
drick Rhodes and Andre Riddick
scored 22 points to lead Kentucky.
The Wildcats led 25-24 at halftime
before opening up an 18-point lead
midway through the second half.

In games played Thursday:
Purdue 96, Central Florida 67: In
Lexington, Kentucky, Glenn Rob-
inson scored 8 of his 31 points
against the Golden Knights during
a 10-point Boilermaker run.
Kansas 102, Tn.-Chattanooga 73:
Richard Scott had a career-high 26
points to lead the Jayhawks, who
held the Moccasins to a season-low
30 percent shooting.

Alabama 76, Providence 70:
Freshman Antonio McDyess had 7
points in a 10-0 second-half run for
the Crimson Tide, who went 8-for-
17 from 3-point range and had a
44-30 rebounding advantage.

MIDWEST REGIONAL

Oklahoma St. 65, New Mexico
St. 55: On Friday in Oklahoma
City, the Cowboys overcame a sub-
par game by Bryant Reeves and
shook off New Mexico State in the
final eight minutes.

Randy Rutherford scored 28 for
the fourth-seeded Cowboys, who
struggled throughout the game
against New Mexico State's aggres-
sive zone defenses. The Aggies
trailed just 53-52 with 8:17 to play,
but then went eight minutes with-
out a point.

Tulsa 112, UCLA 102: In Okla-
homa City, Gary Collier scored 34
points as Tulsa ran out to a 29-
point lead in the first half and held
on to upset fifth-seeded UCLA. It
was the first time Tulsa had won a
first-round game in the tourna-
ment.

In games played Thursday:
Michigan 78, Pepperdine 74: In
Wichita, Kansas, Juwan Howard
scored 28 points for the Wolver-
ines, who weren't assured of victory
until Jimmy King made two free
throws with 12 seconds left in over-
time. Pepperdine missed its first
four shots of OT.

Massachusetts 78, SW Texas St.
60: Lou Roe scored 21 points and
Mike Williams had 20 for the Minu-
temen, who took a 56-40 lead on
Dana Dingle's rebound basket with
10:02 left.

Texas 91, W. Kentucky 77: B.J.
Tyler and Roderick Aodorsoo
helped Texas overcome a second-
half deficit with a 12-2 run that put
the Longhorns ahead 56-52 and

gave them their 19th victory in 20
games.

WEST REGIONAL
Virginia 57, New Mexico 54: On
Friday in Sacramento, California,
Harold Deane made two foul shots
with 23 seconds left to cap seventh-
seeded Virginia's comeback from a
15-point deficit in the second half
as the Cavaliers won.

In games played Thursday:
Wis.-Green Bay 61, California
57: In Ogden, Utah, John Martinez
added 13 points, including three 3-
pointers, for the Phoenix, on their
second trip to the tournament. Lam-
ond Murray had 18 points and
Jason Kidd 12 for the Golden
Bears, who shot just 34 percent.

Missouri 76, Navy 53: Norm
Stewart pulled all his starters when
the Midshipmen led 20-17 with
5:50 left in the half. The subs, who
averaged a total of 8.6 points a
game during the season, gave Mis-
souri a 12-6 spurt while playing
nearly five minutes.

Syracuse 92, Hawaii 78: Law-
rence Moten scored 29 points, in-
cluding seven during a crucial sec-
ond-half run, and John Wallace
added 24 for the Orangemen, who
returned to the tournament from a
one-year absence caused by proba-
tion. Trevor Ruffin had seven 3-
pointers for the Rainbows.

Wisconsin 89, Cincinnati 72: Ra-
shard Griffith scored 22 points and
grabbed 15 rebounds, and Michael
Finley had 22 points for the Bad-
gers. Dontonio Wingfield scored 20
points and grabbed 10 rebounds for
the Bearcats.

Hero or Villain? 3 Coaches Walk Along College Basketball's Fine Line

By Thomas Boswell
Washington Post Service

WASHINGTON—To an even greater degree
than other coaches, college basketball's lead-
ers live in a world that combines the pressure to
succeed and the intoxication of success. Over a
lifetime, it's a hard combination with which to cope.

You're treated like a god, out for years but for
decades. Through your entire state, or perhaps
your whole region, you are a symbol of the
winner, the teacher, the mold of youth. Yet every day, you wake up
scared as hell. Unlike leaders in other fields, you
are out cut an iota of slack. Young, ambitious men
are tunneling under your throne, day and night.

If you doubt the distorting power of this life-
style, watch Bobby Knight, John Chaney and
Dean Smith in the NCAA tournament East Re-
gional. Few coaches have managed the challenge
of constant stress and ceaseless dedication as well

as Smith. Chaney is a man in the middle who
maintains his balance most of the time, yet period-
ically, goes over the edge. Perhaps none has ever
handled it worse than Knight.

For some, Smith is a whiner, a sore winner,
overly pious. For others, he's the ultimate control-
freak overcoach. A couple of his Carolina teams
laden with future National Basketball Association
stars, couldn't have accomplished less if they'd
been entrusted to the team mascot. To a few,
Smith even inspires a mild pity. How depressing
for a person who reads Kierkegaard to lead a
public life conducted almost entirely in ritual
cliques. Years ago, if you asked Smith an honest
question, there was a visible pause as the candid
truth flashed across his mind, then he wrestled
into submission. Now, the pause is gone.

All in all, however, Smith, who won his 800th
game this month, has left a coaching canon that's
enormously admirable. History requires certain
minimum requirements in its coaching heroes —
honesty, sportsmanship, the capacity to teach
young adults as well as coach athletes. Once you

couple those standards with the demand for huge
success, career longevity and strategic innovation,
you cut the field way down.

Smith might be the only active coach on that list.
Chaney has carried a heavier burden than
Smith, having accepted a role as a leader among
black coaches. What a mix: local deity, first avail-
able scapegoat in defeat and leader of your people.

Over the years, Chaney erupted occasionally,
revealing a bit of tinder-box bully. He probably
deserved a censure. But not the one he
inflicted on himself. How can he ever truly live
down his "I'll kill you" performance at the press
conference of the Massachusetts coach, John Calipari?
How can you ever view a coach the same
after he's admitted — screamed, actually — that
he tells his players to lose borderline thugs tactics?

Some maintain that Temple should have dis-
ciplined Chaney more severely. Why bother? What
greater punishment could anyone wish on a man
than that he halve his public reputation — built
over a lifetime — in a minute of anger?

Chaney may not have digested his experience
yet. Millions of people saw his tantrum. Doesn't he
hope that this NCAA tournament can give the
public a more sympathetic memory of him?

"The people who know me are the people who
count," said Chaney, his natural torque turned
fighter. "And I can count those people. I can't
worry about the people who don't count."

With luck, and two or three Temple victories,
Chaney may leave a different taste behind him
at season's end. He doesn't deserve the trophy for
Worst Coach Behavior. That really ought to belong
to Knight. After all, Chaney merely told Calipari,
"I'll kill your ass." Knight stood before 17,000
Indiana fans and said he wanted to be "buried
upside down so my critics can kiss my ass."

Presumably, any coach at a respectable institu-
tion would have been fired for such public com-
ments. But Indiana University still answers to the
state of Indiana, so Knight's safe.

"When I saw him say that," said the George
Mason athletic director, Jack Kvanec, "I thought,

"He's crazy." But then they showed the Indiana
crowd giving him a standing ovation and I
thought, "No, they're the ones who are crazy."

So far this season Knight has kicked either his
son, who plays for him, or his son's chair, missing
his soo by a hair. He head-butted another of his
players during a chew-out. Or, accidentally head-
buted one of his players.

Knight likes to be the center of conversation at
the time of year. He doesn't have to worry. He is.
Even his coaching colleagues wonder and worry
about him, but none will go on the record. The other
night, within a single minute, Knight showed how
a man can be both a diamond and a lump of coal. He
was asked if he approved of the 3-point shot.

He answered: "No. A 10- or 12-point lead built
through better basketball can be shot down too
easily. It's like catching trout with worms. You
ought to catch 'em with flies."

Next question?
Why did you tell your critics to kiss...?
"It just struck me," he said, "as something that
would cotermin a little bit."

Mark Is a Steal for Sonics' McMillan

The Associated Press

Nate McMillan is a thief — and
proud of it.

"This is a great accomplishment
for me," McMillan said after steal-
ing his way into the Seattle Super-
Sonics' record book. "Coming into
this league, I wasn't sure I belonged
here. So to lead a professional team
in steals and assists is great."

The National Basketball Associa-
tion leader in steals, McMillan
had three more Thursday in Seat-
tle's 107-92 victory over the Minne-
sota Timberwolves to become the
Sonics' all-time steals leader with
1,150, breaking Fred Brown's
mark of 1,149.

The victory, Seattle's 12th
straight over Minnesota, dating
back to December 1990, also
clinched a playoff berth for the

SuperSonics, who have the NBA's
best overall record (46-16) and best
record (21-12).

And defense was the key.
"The difference tonight, which
isn't surprising in terms of the way
Seattle has won ballgames, is that

NBA HIGHLIGHTS
we turned it over way too much,"
said Minnesota's coach, Sidney
Lowe. "They turned it on in the
second half, starting pressing us
and trapping us. They became
more aggressive and got their
hands on a lot of loose balls."

Shawn Kemp led Seattle to its
ninth victory in the last 11 games,
finishing with 21 points, 14 re-
bounds and four steals.

The Timberwolves have lost 21
of their last 24 games.

SIDELINES

Mansell Sets Australia IndyCar Mark

SURFERS PARADISE, Australia (AP) — Nigel Mansell broke his
own qualifying track record by almost three seconds on Friday as he took
provisional pole position for Sunday's Australian IndyCar Grand Prix
auto race.

Mansell, who won the IndyCar championship as a rookie last year,
clocked one minute 35.683 seconds in his Newman-Haas Lola-Ford
around the 2.795 miles (4.527 kilometers) Surfers Paradise street circuit.

His previous record, set in qualifying last year, was 1:38.555.
Mansell's speed of 105.160 mph was considerably faster in the opening
qualifying session than his nearest rival, Michael Andretti, who clocked
104.979 mph (168.943 kph) in the new Reynard-Ford. Andretti, the 1991
series champion, is returning to IndyCar racing with Chip Ganassi's team
after a disappointing year in Formula One.

Italy Bans 11 German Soccer Fans

COMO, Italy (AP) — Eleven German soccer fans, who damaged a
hotel and resisted police in a rampage before a UEFA Cup match, on
Friday received suspended sentences ranging from 16 to 18 months in jail
and a five-year ban from Italian stadiums.

The Borussia Dortmund supporters were convicted by a local court of
causing damages, drunken harassment and resisting police. Two were
also convicted of causing personal injuries. The 11 Germans were part of
a group of about 100 fans who caused extensive damage to a hotel in the
northern lake resort of Ballejo on Wednesday night. They were in Italy to
attend the UEFA Cup quarterfinal match between Internazionale and
Borussia at Milan's San Siro stadium.

For the Record
Nick Price of Zimbabwe finished his round with six straight threes to
take a two-shot lead Thursday after the first round of the Nestle
Invitational golf tournament in Orlando, Florida. (AP)

Monica Seles, the Yugoslav-born former world No. 1 tennis player,
who has not played since being stabbed by a spectator in April, became a
U.S. citizen Wednesday. (Reuters)

Soccer referees, traditionally the men in black, will wear fuchsia-
colored uniforms at the 1994 World Cup in the United States. FIFA and
the sportswear maker Adidas announced Thursday. (Reuters)

Quotable

• Manager Tom Kite listing two attributes of pitcher Keith Gar-
gozzo, whom his Minnesota Twins drafted from the New York Yankees' organization: "He's left-handed and he's breathing."

• Hank Egan of the University of San Diego, on his 21st year of
coaching Division I basketball: "The only thing that surprises me about
college basketball is that people are dumb enough to bet on it."

Ex-Adviser Is Jailed
In Miami Fraud Case

New York Times Service

MIAMI — A former assistant academic adviser at the University
of Miami was sentenced to three years in prison, ending the first case
of federal fraud involving an athletic program at a major
university in the United States.

The government, which investigated the case for nearly three years,
found that the adviser, Tony Russell, had helped students illegally
receive up to \$3,400 a year in U.S. aid, totaling more than \$200,000.

In return, Russell received kickbacks of \$85 to \$100 from each of
the students for about \$15,000 from 1989 to 1991.

Russell acted alone, the government said Thursday, leading 91
current or former Miami students — including 85 athletes — to
improperly receive financial aid. Russell resigned in June 1991.

The money came from the federal Pell grant program, which is
intended for students with family incomes of less than \$25,000. The
program has lost hundreds of millions of dollars to fraud in the last
decade, according to a Senate inquiry that cited the Miami case.

Russell pleaded guilty in June to one count of federal fraud for
helping the students fill out misleading applications, by using false
information about family income.

Under the Pell program, a student applies for aid, the U.S.
Education Department sends the money directly to the university,
and the money is usually applied to the student's tuition. Students,
like those in Miami, can withdraw some of the money for expenses.

The Hurricanes now face scrutiny from the National Collegiate
Athletic Association.

Greek and Spanish Clubs
Gain European Final Four

Compiled by Our Staff From Dispatches
ATHENS — Panathinaikos of
Athens' best defending champion
Lionel of France, 87-73, and
Olympiakos of Piraeus beat Buck-
ler of Bologna, 65-62, to advance to
the Final Four of the European
basketball club championship in
Tel Aviv next month.

In the games to be played April
19-21, the two Greek teams will
face each other in the semifinals.

Barcelona crushed Efes Pilsen of
Turkey, 76-62, in Istanbul to set up
a match against its local rival Jo-
ventut Badalona in the other semi-
final. Badalona had defeated Real

Madrid on Tuesday.
The magic of Panathinaikos' veteran guard Nick Galis, who
sank 30 points, helped the Greeks
book their ticket to the Final Four.

Panathinaikos made an explo-
sive start and led 33-9 midway
through the first half as the famed
French defense was repeatedly
caught off-guard.

The Greeks insured victory five
minutes before the end when they
scored nine unanswered points to
go 20 points clear of Linagres.

Barcelona's Enrique Andreu
scored 14 points and Jose Mone-
tero added 11. (AP, Reuters)

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The Irregularity Strain

Knight-Ridder Newspapers

The Life and Adventures of Jiri Menzel

The film, which will be shown at the Cannes festival in May, is set in 1941. Chonkin (Gennadi Nazarov) is a jug-



Now 55 and wearing the rosette of a French Officer of Arts and Letters ("No one in Prague knows what it is"), Menzel attended the famous FAMU film school, where

"It is too big, with not enough drama. Chonkin is more closed, even if the subject is bigger. And it has love and tenderness. I don't think Hasek liked people very much. Voinovich has a heart."

Ozzy Osbourne has discovered a stunt even more dangerous than biting the heads off live bats: inviting his fans to join him onstage. Osbourne made that invitation at a March 28, 1992, concert and started a stampede. His attorney called it "a really stupid thing to do" and an Orange County, California, jury agreed, ordering the heavy-metal rocker to pay \$60,000 to an electrician trampled in the stampede.

**INTERNATIONAL
CLASSIFIED**
Agency of Books 7 & 11

The Special Relationship, Interior Decorating Chapter

She and Annie Charlton, her co-host and a fellow English interior designer, are visiting 11 seminal New York City homes for this first

"It's all inspired by the English aesthetic movement," Pivar said of his collections of Pilk-

off books instead of mats at the table. I think mine was oo David Hockney!"

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